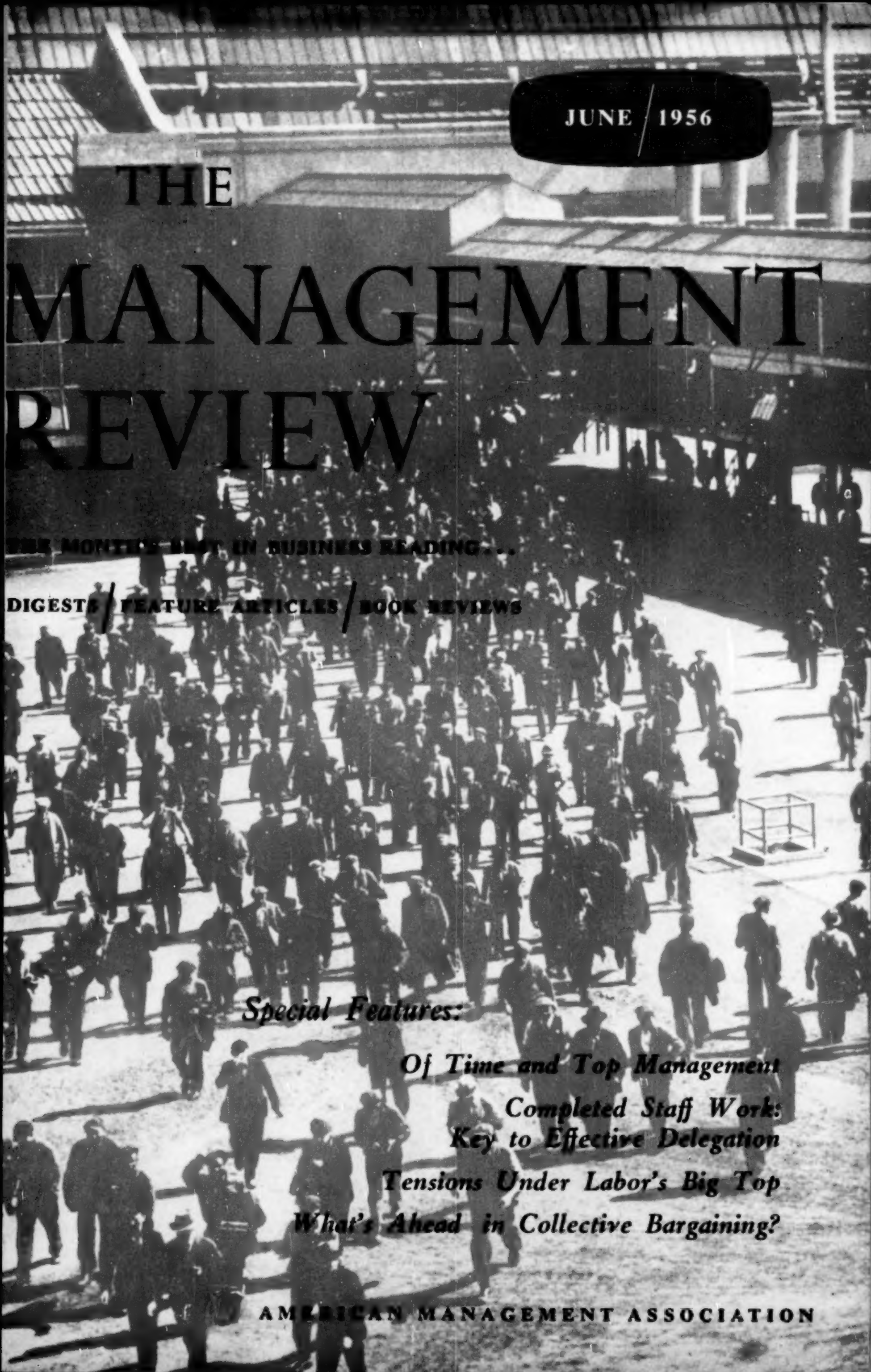

JUNE 1956

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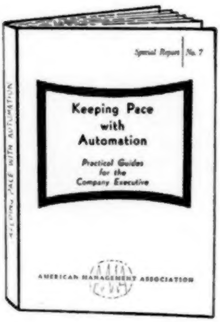

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THE
MANAGEMENT REVIEW

VOLUME XLV, NO. 6

Contents ■ *June, 1956*

FEATURES

BUSINESS DIGESTS OF THE MONTH

Management Policy and Practice

Trends and Perspectives

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Can Management Retain Its Right to Manage?

One of the most important issues confronting American management today is one that receives little public discussion and that crops up only occasionally in labor negotiations. It is the ability of management to perform its proper functions—to assign the workforce, set standards (and to change them when conditions or methods change), to decide matters of discipline, and in general to run the plant.

The usual union contract provides established grievance procedures for the worker who thinks he is being treated unfairly.

But the conditions existing in many shops are far different than those which one might expect to find after reading the union contract. Direct action of some sort is used rather than an appeal to the grievance procedure. Suppose a new standard is set: the man on the job may or may not accept it. Suppose he accepts it: the union steward may instruct him not to accept it. But this does not mean that a grievance is filed. The men may be told to slow down, or may slow down on their own initiative, challenging the management to impose discipline. If management imposes discipline by sending the men home, it cuts production for which customers may be calling. It also risks a wild-cat strike which would cut production still more.

Some managements never allow conditions of this sort to develop. It is easier, of course, for management to take a strong stand against slowdowns and wildcat strikes and to insist that the union use the grievance procedure provided in the contract when the company has many customers, rather than a few, and makes a somewhat different product than its competitors. But if the company sells a large part of its product to the government or to two or three large buyers, and if there are others who can supply the identical product which a slowdown or a wildcat would cut off, management may lack the courage to defend its rights under the contract and to insist that the union use the grievance procedure rather than direct action.

Inevitably, once the union has sensed that management is afraid to risk the loss of production, things go from bad to worse. The foremen can no longer count on management to back them up, and they cease to be effective representatives of management. Discipline is not imposed lest it provoke a slowdown. Standards are bargained—though the formality of taking time studies may be continued. Committee members roam the shop, not to investigate grievances but to stir up trouble. A multitude of extra demands gradually grow up. If management yields to these demands

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for a few weeks, the union claims that the practice has been established and that the union has the right to have it continued.

Such practices as these may not prevail in a majority of plants. But the plants in which unions have seriously impaired the ability of management to use the ordinary tools of management are a fairly large minority—large enough to present an important problem.

Some progress is being made, however, in restoring management's right to manage. Increasingly, unions at the national level have required local unions to abstain from direct action and use the grievance procedures. In some cases, managements have been able to persuade local unions to change their ways, or have recovered control of some operations by moving them to new plants. But in some cases, long and costly strikes have occurred before management has recovered the free use of the tools of management. In at least six cases since 1949, strikes lasting from three months to more than six months have occurred over the basic issue of the right of management to use the ordinary tools and methods of management.

Although considerable progress has been made in restoring management's rights, much remains to be done. There are still many enterprises in which top management is not aware of how far its plant managers and their subordinates have gone in sacrificing efficiency to avoid slowdowns or wildcats. Management, generally, would be wise to take a fresh look at the realities of industrial relations in its plants to be sure that its policy represents a proper balance between the need for avoiding production interruptions and the need for maintaining low costs.

▪ *From an address by Sumner H. Slichter before the Associated Industries of Cleveland.*

Internal Reports: A Problem of Digestion

WHETHER a company president likes his diet of reports to be rich and well-seasoned with figures and recommendations, or prefers a sparse sandwich luncheon of basic facts, he finds such a diet in one form or another to be inescapable. It's the only way he can get the vitamins of indispensable information that enable him to keep in touch with his organization and stay on top of events.

But the flow of information to a company president is so great that it's often a constant battle just to keep up with the flood of paperwork deposited each week on the presidential desk. In part, this may be due to poor selection, or poor staff work. But most of it comes from the simple fact that more information is being processed today than ever before.

Decentralization has helped matters by putting the details on someone

else's shoulders, but it hasn't been enough to stem the tide. Obviously, therefore, a top executive has to construct dikes to keep the flood within manageable bounds.

To find out what presidents want, what they get in reports, and what they and their companies are doing to systematize executive reports more effectively, *Business Week* queried company presidents and their assistants who handle these reports. Their replies added up to some interesting findings:

Despite the multitude of documents they receive, most of the presidents feel that reports—and the information that comes to the president through them—are highly important tools of their job. Most of them want their information in the form of written reports—though there's a strong, vocal minority favoring reports in person, with a chance for some on-the-spot presidential questioning.

But though the presidents welcome reports and feel they would be lost without them, they have plenty of gripes on the subject. A consensus of their views reveals two principal faults in the report system today: the quantity is too great, the quality too low.

The biggest dispute among executives is over just how much detail, how many figures, should go into a report. One West Coast utility executive, for example, fairly chortles with glee when he sees page after page of comparative figures—and according to his vice presidents, absorbs them handily. He gets 40 to 50 reports a month, all teeming with figures.

At the opposite extreme are the men who want no details at all on paper—or as few as possible. One of these is Don R. Berlin, head of Vertol Aircraft Corporation (formerly Piasecki Helicopter). Running a $58-million-a-year company, he refuses to deal with written reports of any kind, and counts on face-to-face contact and weekly meetings for his information. Major problems of a one-shot nature are handled by him as they come up.

However they differ about what they want in reports, most company executives agree that something should be done to improve the quality of what they get, as well as to limit their quantity. One way to improve quality, many presidents feel, is to put a limit on the length of reports—though others think it's not possible to make an arbitrary rule on size. Another group holds firmly to the doctrine of one-page reports. A more common view is that taken by Frank Prior, president of Standard Oil Co. (Indiana). He likes a report summarized in a page or two, so he can decide how deeply he needs to delve into the supporting details that follow.

Another way in which many executives are working for better reports is by an emphasis on greater sharpness and objectivity in recommendations. Some presidents, it's true, don't want recommendations at all. But most feel that nothing is more irritating and time-wasting than a report with no conclusions—that is except, perhaps (as one executive complains), a report from a research group that lists a dozen alternatives—and stops—leaving the president more exasperated than informed.

Keeping the presidential desk from

being buried by an avalanche of paper may require still other approaches. Some executives get out from under by developing pet sources of information in the organization on whom they can rely for a concise explanation of what's going on. Many companies try to accomplish a similar result through a screening procedure. In one company, the president receives only reports concerning unexpected conditions or events, either emergency in nature, or regarding unforeseen opportunities; less important information is screened out and handled by others. In other cases, the executive's assistant goes over reports, picks out the trivia, and decides what should go to his superior.

Yet, some still feel that trying to cut down on the number of reports is merely fighting the losing battle of King Canute with the tide. A president wants the maximum information he can absorb, they say, so when a system is found to consolidate or eliminate reports, he tends to range around in search of new useful information. And that, of course, means creating some new reports or other forms of information.

■ BUSINESS WEEK,
May 5, 1956,
p. 95:4.

Can You Cash In on Consumer Optimism?

CONSUMERS are optimistic and in a buying mood. This optimism, reflected in the Federal Reserve Board's recent consumer finance survey, is pointed up by preliminary findings of a new study of consumer buying plans conducted by Alfred Politz Research and sponsored by *Look* magazine.

Conducted earlier this year, the survey measured buying intentions for 12 months ahead. It shows that 28.5 per cent of U. S. consumers believe the financial status in their households is better now than it was a year ago. A higher percentage, 34.5 per cent, believe their financial status will be better a year from now. Only 11.8 per cent say it is worse today than a year ago, and only 3.8 per cent feel it will be worse a year from now.

Some other findings:

Within the next 12 months, 21,550,000 consumers (20 years of age and over) expect to travel more than 1,000 miles here and abroad.

Of all consumers, 30.3 per cent plan some home improvement.

A new car purchase is planned by 10.1 per cent.

The purchase of an electric or gas range is being seriously considered by 1,250,000 households.

A food freezer figures in the thinking of 1,300,000.

About 1,550,000 consumers are considering purchasing new room air conditioners.

And nearly 4,500,000 are seriously considering buying or building a new home.

—*Printers' Ink* 5/4/56

How Good Is Your Executive Team?

WHAT ARE the outstanding characteristics of a good executive team? According to a research study conducted by Science Research Associates among 950 members of the Young Presidents' Organization, they are four in number:

The members of a good executive team possess remarkable flexibility. Regardless of their training and experience within the company, they are receptive to new ideas, able to adjust quickly to changing conditions, and can withstand setbacks without losing their drive and enthusiasm.

A good executive team has depth. The temporary absence of one member of the team may limit the organization and perhaps decrease its efficiency, but it does not leave the company paralyzed.

The members of a good executive team each build their own efficient division of the company with a minimum of routine supervision. The executive team members and their divisions engage in cooperative, friendly rivalry.

The executive team functions by balancing and controlling two basically conflicting impulses. On the one hand, there is a desire for maintaining and improving the *status quo,* for preserving the business and correcting the things that hamper its present functioning. Opposed to this, is the impulse toward growth, toward developing now products, new markets, and new kinds of enterprises more profitable than the ones the company already has.

An interesting sidelight in the SRA survey was the finding that most executives crave the satisfying experience of accomplishment, and have a sneaking suspicion that they are really not quite good enough for their present jobs. Their continuing need to reassure themselves about their own competence, it was found, is a major factor in maintaining the drives that produce business accomplishment.

Brainstorming with a Reverse Twist

ANOTHER version of brainstorming has paid big dividends at General Electric's Hotpoint Division in Chicago.

A. C. Studt, manager of education and training, calls the Hotpoint plan a "tear-down method." Two or three employees discuss a product or method of operation. One man takes the position that everything about the product or method is wrong, and offers a different solution. Another man attacks the first employee's solution and offers an alternative of his own.

The plant superintendent and two foremen, for example, "tore down" a plan to install a conveyer system for which $200,000 had been appropriated. They worked out a different system which now has been installed at a cost of about $4,000.

—*Advertiser's Digest* 3/56

When Should a Man Be Retired?

THE clock does not tick at the same rate for all of us. Some are old at 40, others relatively young at 70. There are many people who cannot accept a new idea or adjust to new circumstances after their mid-30's. Others are keen and interested and will adjust to the vicissitudes of life far into old age. Perhaps this flexibility is the best measure of the aging process.

Despite such individual differences, compulsory retirement has become widely prevalent in the United States, both in business and in government. In some companies the age has been arbitrarily fixed at 60; more commonly it is 65. Who picked the ages of 60 or 65? No one seems to know. They just came out of the air; they have no authority. There is no reason for 65 as against 63 or 66 or 70. Nevertheless, we have become molded into a society that has decided people are to be put on the shelf at age 65.

Some companies have not gone all the way on this. And there are many notable exceptions outside of industry. If rigid rules of retirement had been applied generally, think of the loss to the world of the labors of such people as Churchill, Einstein, Toscanini, Bernard Baruch, Conrad Adenauer, Charles Evans Hughes, or Nicholas Murray Butler. Verdi wrote his greatest opera after he was 80. Countless other examples of great achievement in later years could be cited.

But then someone may say: "You are merely mentioning exceptional individuals. These do not really indicate what the average person does." As a practicing physician, I would like to point out that the members of my profession are not compulsorily retired at 65; eight out of every 10 physicians over 65 in the United States are practicing medicine today. Many of them are responsible for whole communities, and most are doing a very creditable job. One out of two of this group sees more than 40 patients a week.

Many arguments could be marshalled in favor of establishing certain arbitrary age limits for retirement and other purposes. Against these contentions, however, is the argument that chronological age is no measure of physiological or biological age. This is number one. Second, the setting of arbitrary age limits deprives companies and our economy of some of our most productive, able workers. Third, it lowers our standard of living, because it puts more people on a non-productive and lower economic standard. Fourth, it impairs national defense. Fifth, it imposes an unnecessary burden on those remaining in production.

Here is another interesting facet of this problem: We have lengthened the number of years before a young man goes to work. While he used to start working at the average age of 16 to 18, today he starts at 22 to 25. In the professions, he is nearly 30

before he earns a living. On the other end, in many industries we have limited a man's workspan to age 65. This means that a relatively small group of the population is carrying the burden for all the rest, economically and production-wise. We are shortening at both ends, and putting this perhaps unnecessary burden on those remaining in the middle.

Now, there are possible compromises—variations in compulsory retirement planning, depending on type of industry or occupation. If pension plans made retirement optional at age 60 or 65 but permitted willing and able people to work longer, many could continue productively on their regular jobs. Where physical exertion is entailed, periodic physical examinations could be used as the basis for retention on the job or transfer to less demanding work.

There are exceptional individuals who seem able to move over from one big career to another. We have many such outstanding citizens, but unfortunately there are not sufficient opportunities for individuals who possess such varied talents. Care should be taken to determine what should be done with gifted people as they reach so-called retirement age. Perhaps it is advisable to relieve men from the heavy executive responsibilities according to some kind of a fixed or sliding age scale, but they should be used in other ways when possible, assuming they wish to work and still have something to contribute.

Companies have adopted various alternative plans. Some have retired men at age 65 on their pensions, but then rehired them on an annual fee basis for one year, subject to renewal if both parties agree. Others have hired older executives for special projects, and the results have been surprising. Some of them have retained these men on a consulting basis for years. Older workers may also be used as instructors, especially in some technical occupations where we have a large turnover of young personnel, some of whom are not very skillful and who move on to other jobs before they become thoroughly skilled.

If an industry is surveyed, it's surprising how many suitable jobs can be found for older people. Consider, for example, the experience of an English firm, The Rubbery Engineering Company, Ltd. The company found it had an increasing number of men over 65, many of whom wished to continue working. Primarily out of deference to these older people, the company set up some modest equipment and facilities in an old building and let it be known that anyone over 65 who wanted to continue working and who would not be able to keep up with the young fellows on piecework could go to work there. He could come in at 8:30 or 9:30 in the morning and leave at four in the afternoon, and could take a rest for an hour or so if he wished.

The older workers accepted this with great enthusiasm. And those who elected to do it set up a non-absentee rate that was not exceeded in any major factory in England. Not only that, they turned out enough work so that the project, which the company had been prepared to underwrite to some extent, more than paid its own way. The men continued earning a living for themselves. More-

over, out of their long experience some of the older men devised certain mechanical improvements which were of value to the entire factory.

As a wise bishop of Sweden once observed, one good measure of any society is the care and forethought with which it handles its older people. The same might be said of management.

■ *Irving S. Wright, M.D.* COMMERCE, *March, 1956, p. 41:6.*

The Management Generalist: Tomorrow's Key Executive

DURING THE PAST three decades much progress has been achieved with respect to the techniques of coordination that are associated with the craft of general management. Where these have proved most effective, however, they are usually the outgrowth of conditions peculiar to the firm or institution, and are correspondingly limited in their more general application. The chief executive officer who excels at his task is likely to do so by virtue of rare gifts of insight and a superabundance of energy; too frequently he lacks a firmly established conception of his role and of the values that can be derived from a philosophy of operation as a generalist in management.

If the 1920's marked the heyday of the specialist, then surely the 1950's are a decade in which an increasingly high premium will be placed on the arts of synthesis and the science of integration. And in the field of management, this premium will be especially great, for the range of specialized skills has greatly proliferated.

The essential problem for the generalist in management therefore arises from considerations of two kinds. First, of course, there is the vastly increased complexity of the problems and the context in which they occur; and yet, frequently the new spheres of expertness which could be mobilized in solving any such problem have developed faster than they can be unified, organized, or directed. It is not enough to say that greater success has been achieved in perfecting the means of problem-solving than in solving the problems themselves. A greater cause for concern is the evidence of failure in so many departments of human affairs where it might have been averted by the presence in the picture of a generalist in management who was up to his job.

The zone of general management is the only point from which an organization can be clearly viewed in its entirety. It is here that relationships can be observed between and among the individual units of the structure; the effects of a decision weighed, not in isolation, but with

regard for all of the variables in the larger equation. Environmental factors can be assessed for their bearing on company growth, and limitations in resources reviewed more realistically.

For the problems general management must face, therefore, all of those lines are irrelevant which normally separate finance, production, marketing, and the other areas of special responsibility. An issue involving plant expansion or location, for example, cannot be considered as a problem of construction, design, and transport; rather, it entails an appraisal of the supply variable in its relationship to the expansibility of markets, capital structure, the status of union contracts, and so on.

The first requisite of the generalist in management, therefore, is to be able to identify variables in the context of a required decision; to so inform himself of their changing values and relationships that he can achieve a final judgment in the best interests of the company as a whole.

A clear understanding of the origin, the quality, and the inherent limits of his power must stand as the second requisite of the generalist in management. One cannot operate on the assumption of personal power —even if he owns the business. The greater power that attaches to the highest position in an organization derives solely from the fact that from that point in the organization, more variables can be resolved more favorably in behalf of the enterprise as a whole.

It is axiomatic that in any organization, individuals can best accept each other in their representative capacities, in which the interests of all merge in those of the enterprise as a whole. Wherever this is the case, the fabric of organization becomes a network of agreement. The transmission of power by command is a concept that has gone with the opera cape, to be replaced by the process of informing and seeking information, of invoking participation, of achieving new levels of understanding and consent. It is only by this process that staff services can be realigned for more efficient investigation and analysis, or assigned responsibilities be expanded or abridged.

The third requisite of the generalist in management, then, is that he be skillful and patient as a negotiator; for if he is, he can mobilize the resources of knowledge and experience with which to appraise the variables in the decisions he must make, and he can earn the agreement and consent of those who must participate in their execution.

There is yet a fourth requisite: The generalist in management must be solidly grounded in marketing. The market is the most important of all the variables in any decision that affects the stability or growth of the enterprise. When this variable has been assigned its proper value, all of the other factors, such as size and location of plant, financial structure, and so on, become dependent variables. The size, dispersion, and expansion potential of the market can be determined. The cost of generating demand can be rationalized in terms of available resources. A

timetable for the program can be tested and established. All of these steps can be planned with knowledge of the firm's existing competitive position, and with the objective of improving that position.

Thus, we seem to have reached a stage in which the further maturity of management depends on the acuity and facility with which it can mobilize the fullest range of expertness and special knowledge. And the continued development and refinement of technical knowledge and method depend in turn upon the opportunities that can be provided for their practical application.

The implications of all this are inescapable: The arts of synthesis and the science of integration cannot be developed solely from the top down. Indeed, the objectives of general management can be best achieved only where all of the officers and technical staff fulfill the requisites of the generalist.

■ COST AND PROFIT OUTLOOK *(Alderson & Sessions, Inc., Philadelphia), April, 1956, p. 1:4.*

Confidence—Key to Prosperity

TODAY, 60 per cent of American families own their own homes, as compared with about 40 per cent 15 years ago. Five million families own two cars, as against a total automobile registration of 5 million only 40 years ago. Last year the American people bought more cars, air conditioners, television sets, pianos, furs, jewelry, furniture, and suits of clothing than ever before in a single year. We built almost as many new houses as in the peak year of 1950. On top of this, we saved more than $16 billion, and paid nearly 90 billion in federal, state, and local taxes.

Yet ours is not an economy of extravagance, but an economy of abundance—one allowing for spending on a larger scale than ever before without throwing our affairs so far out of balance as to run the risk of collapse.

As a matter of fact, that balance is today at an interesting point of equilibrium. We spend about half our expendable income on necessities—food, clothing, and shelter. The other half goes into purchases that we do not necessarily need, once called luxuries; we now can scarcely distinguish between them and necessities—household appliances, television sets, radios, and up-to-the-minute car models.

In other words, half the purchases made in the United States depend on an intangible factor. The greatest of all our national assets, it is an intangible upon which all tangibles must depend. The one power behind all machines which keeps all the wheels of commerce turning is generated at only this one source: confidence.

—Frank Kingdon in *The American Salesman* 3/56

Tapping the Human Potential

THE PAPERWEIGHT on the desk of a particularly successful industrial relations executive is a flint arrowhead, embedded in transparent plastic. "I keep it there," he says, "to remind me that man has a great deal more inborn skill and resourcefulness than we give him credit for. Believe it or not, this simple piece of stone symbolizes both.

"Thousands of years before what we fondly think of as civilization, stone age men were making chipped flint implements—knives, spearheads, axes—with no tools but a deer-horn for a chisel and a chunk of stone for a hammer. And making them so beautifully and precisely that nobody today, even with all our resources of precision tools and instruments, has ever been able to produce chipped flint artifacts that are as clean, fine, sharp, and symmetrical.

"Traces dug up by the same archeologists show, moreover, that primitive man produced such things on the factory system: that is, by the division of labor among a group of people cooperating of their own free will. Living in huts, clad in skins, nearly 10,000 years before you and I were around to preach cooperation, they practiced it out of sheer, instinctive good sense.

"I like to think that my job is not so much teaching or persuading people as bringing out what is already there."

—*Management Briefs* (Rogers, Slade & Hill, New York) No. 73

Rehabilitating Alcoholics in Industry

INDUSTRY'S 2 million alcoholic employees are the main target of an educational campaign soon to be launched by the National Committee on Alcoholism. Although this disease costs industry 60 million man-hours and over $1 billion annually, until recently it has been recognized as a management concern by only a relatively few companies, such as Allis-Chalmers, Eastman Kodak, E. I. du Pont de Nemours, Standard Oil of New Jersey, Western Electric, and Consolidated Edison of New York. Company programs have arrested alcoholism in 60 to 80 per cent of the employees treated.

The typical industrial alcoholic has been employed 11.5 years, and earns $2.09 hourly (compared with $1.82 for the average worker nationally), according to a survey by Allis-Chalmers, where a program of supervisory education, use of treatment facilities in the community, and assistance by a plant psychiatrist is in operation. This program has cut wage losses from $23,000 to $900 in three years, significantly increased production, sharply reduced accidents, and cut absenteeism among alcoholics from 8 to 3 per cent—a figure lower than the plant average.

—*Industrial Relations News* (230 West 41 Street,
New York 36, N. Y.) 4/7/56

"Subvision": The Art of Managing from Below

WHILE MUCH has been written about management from the top, the more difficult subject of subvision, the art of managing from below, has so far escaped systematic treatment. The giving of orders from below requires a thorough study of the person to be managed, and calls for a high degree of intelligence from the subordinate who wishes to give anything but the very simplest of orders to his superior. Subvision, of course, should never be confused with outright disobedience.

A degree of predictability in the superior's behavior is probably the foundation of all subvision. It matters little whether the superior always says "yes" or always says "no," as long as he is reasonably consistent. A new subordinate would do well to make an initial survey of his superior's past practice, carefully cross-checking with those who have had long experience. From this he must draw his own conclusions as to the degree of predictability involved. It is important for him to check his superior's outside interests, as these can often be most helpful guides in achieving an objective, sidetracking difficult arguments, etc. Likes and dislikes of people both inside and outside the business must also be checked; otherwise important decisions may go wrong in the early stages.

When he wishes to obtain something from the superior (e.g., permission to take some action, or a personal favor), the skillful subvisor will employ one of three main approaches:

1. *The tactful approach.* (Flattery may be added if necessary, and the normal dosage may almost always be safely exceeded in cases of emergency.) Tact depends essentially on a careful study of the person to be approached, as well as the problem to be presented. For example, if the very word "organization" is anathema to your boss, the conversation may well be opened with some slighting reference to organization charts, and you may explain that you don't want to waste time on such nonsense—you are a man of action and want to get on with the job.

2. *The "sighting shot" approach.* If your boss is of uncertain temper, never approach him only with the important subjects really requiring a decision. First take him one or two small items of no particular importance, to check whether he is in a "yes" or "no" mood. If the atmosphere is clearly unfavorable, withdraw with the main item intact and ready for use another day.

3. *The counterirritant or "red herring" approach.* This may be simply illustrated by the case of a certain admiral who had never been known to allow so much as a signal to be sent out without arguing and usually changing it drastically. Matters were improved by the appoint-

ment of an intelligent young officer who, applying subvision, noted the admiral's aversion to incorrect spelling. The simple insertion of three spelling mistakes in the first paragraph usually insured that the content of the message would not be altered.

A more complicated method is sometimes necessary, and here the help of other departments may be required. If you are a production head, likely to be called to account for defects in the work of some machines, you should complain of poor maintenance as far in advance as possible. Since normally all production heads can be relied on to see red at the mention of the maintenance department, your superior's wrath should thus be deflected, while at the same time any defects in production are automatically accounted for. By the time the maintenance department has succeeded in proving their innocence (if this is possible) you will have had time to rectify mistakes in your own department. But care should be exercised in choosing the victim, as important allies may be lost over comparatively small decisions when you may well need their assistance in influencing really top management.

Controlling your superior's orders is another important part of subvision. It is often necessary to check whether orders are really as important as they seem. For instance, an immediate demand for full-scale inquiries is very often due to little more than a minor explosion at a staff meeting; and it is important that the company's resources should not be squandered on this type of inquiry.

Applying subvision here means leaving all such requests until the second time around. In most cases, of course, there will be no second request, thus leaving you plenty of time to get on quickly with the things that really matter. It is idle to deny that this method has certain risks, but good subvision is never entirely risk-free.

Coordinated arrangements for giving proper orders to superiors are somewhat more ticklish. Should the simple approach to your own boss on the basis of his predictability fail, all is not lost. The challenge merely becomes more difficult and requires a degree of coordination found only in the more advanced phases of subvision.

For example, production manager A decides that it is impossible to produce certain goods by the date decreed by top management. He goes to the assistant sales manager, whose boss is the sworn enemy of the general plant manager. The assistant sales manager then arranges for the general sales manager to demand immediate delivery of the goods behind schedule. There then remains nothing more for the production manager to do but await the general plant manager's summons, and to agree with his peremptory order to see that the goods in question are given no priority whatever.

To the novice in subvision there may still seem to be one overriding question: Surely, since most top managers have come up through the ranks of management, they must all

be aware of this elaborate system of subvision and, hence, no longer be influenced by it. It is true that you will meet an occasional manager who announces his awareness of its existence; he may even tell you it is unnecessary to worry about how, when, and where to approach him, or proclaim that a tactful approach is merely an insult to his intelligence. These cases really present no difficulty, as you can always broach even your most dubious request with: "Of course I would not dream of asking anyone but you, sir, in this way."

Properly applied, subvision seldom fails. Its success is assured by the merciful provision of nature that all managers believe that subvision starts at their own level.

■*H. E. Roff.* PERSONNEL MANAGEMENT *(The Institute of Personnel Management, London), June, 1955.*

Older Women Make Better Workers

EMPLOYERS everywhere are screaming for competent office help, and they are going to be in a worse fix unless they heed an appeal made by President Eisenhower last Labor Day. "We cannot afford to squander our manpower through a prejudice which obscures the values of maturity, responsibility, and constancy found in older workers," the President declared.

Such discrimination undeniably is widespread, particularly when it comes to hiring women to fill vacancies. Federal and state employment agencies report that two-thirds of their job listings carry age ceilings, usually 35 for women and 45 for men. Companies with pension plans defend their preference for youth on the ground that the premiums are prohibitively high for new employees past the age of 40. People cling to the notion that age reduces a worker's productivity. Then, too, there's the fact that the male animal likes to look at pretty girls, a law of nature that never will be repealed by efficiency charts.

It will come as a blow to the tired business man to learn that his perspective must be adjusted to figures compiled by the United States Department of Labor. From the welter of statistics one fact clearly emerges: mature women workers are indispensable to the nation's business complex. The average age of the 20 million women who comprise nearly one-third of the labor force today is 39. In occupations other than office work the average age is well above 40. Yet, in the office field, where the largest number of women is employed, the average age is 31.

The common assumption that most women in the United States work merely to mark time until they get married also is given a jolt by the

statistics. Single girls are a minority in the business world. Fully one-quarter of all the married women and one-third of the widows and divorcees hold steady jobs. In the last five years, 3 million wives have returned to work and the proportion of self-supporting widows inevitably will mount. Actuaries estimate that one wife in every four will be a widow at 55. There's a good chance that many of them will go to work, since high income taxes are making it increasingly difficult for husbands to leave them in comfortable circumstances.

In a study pertaining to discrimination against older workers, the National Association of Manufacturers published figures which seemed to prove that encouraging progress had been made in a dozen years. In 1939 the NAM asked 2,500 companies to rate their employees past 40 as superior, equal, or inferior to younger people on the basis of performance, attendance, safety, and work attitudes. In 1951, a similar poll was taken of 3,600 companies, but in that one an older worker was defined as being older than 45. Here are the equal or superior percentage ratings employers gave older workers in each category:

	1939	1951
Performance	84.6	92.7
Attendance	82.5	98.1
Safety	86.2	97.4
Work Attitudes	94.8	99.2

The fine recommendations given to older workers indicated that employers were aware of the values mentioned by President Eisenhower in his Labor Day speech. The same comments regarding women popped up repeatedly in the questionnaires: Older women don't watch the clock or goof off in the powder room nearly as much as girls, waste less time yacketing about clothes and dates, don't show up for work in tizzies over tiffs with boy friends. Since older women already have had their children, they save the expense of training replacements for girls getting married or taking maternity leaves.

Above all, older women have a deeper sense of responsibility toward their jobs. Too many girls, knowing they can get another job easily, are slipshod and arrogant. Older women try harder to please because they need their jobs and realize they will have trouble getting placed in a hurry if they are fired.

But there's a joker in the deck. Most surveys pertain mainly to workers who have been with firms for many years. Employers tend to disregard their own findings when taking on new people. They freely admit that youth, then ability, are rated in that order in screening applicants. When middle-aged people are hired, it is only because there is no alternative for the severe shortage of competent—underline competent—labor.

Organizations with big staffs claim that personality conflicts multiply when women of disparate ages are thrown together. Given a choice, they'll take young girls every time to decorate the premises. Companies with pension plans have a far more valid reason for preferring to hire girls. There is no question that an older women who is added to a pen-

sion program increases the employer's expense enormously. The Department of Labor reveals that the premiums necessary to provide retirement pay of $100 a month at 65 amount to $326 a year for a worker hired at the age of 30. Thereafter, the cost skyrockets. The annual premiums are $508 for people hired at 40, $939 at 50, $1,486 at 55.

As always, there is another side of the story. Secretary of Labor James P. Mitchell recently declared, "If economic life becomes too hard for older people, they will form the most potent group this nation has known and will force some kind of public program for their survival. This is a possibility industry must face immediately. Will it find places for older workers and make profits from their production, or be taxed much more heavily than now in order to sustain them as non-workers?"

■ *Stanley Frank.* THE SATURDAY EVENING POST, *March 24, 1956, p. 49:5. Copyright 1956, The Curtis Publishing Co. Reprinted by special permission.*

Trust Fund Investment in Common Stocks— A Survey

THE PORTFOLIOS of the 205 common trust funds administered by banks show no undue concentration on the common stocks of a few companies, according to a recent study by *Trust and Estates* magazine. Only 12 stocks were held by more than half the funds.

The aggregate valuation of the 70,607 individual trust accounts under $100,000 each was $1,854,688,537, according to the study, of which 53.5 per cent was represented by common stock investment, 16.6 per cent by corporate bonds, 11 per cent by preferred stocks, 18 per cent by government bonds, and 1 per cent by mortgages and cash.

Of the 50 common stocks appearing most frequently in these portfolios, the 10 most widely held were: Standard Oil (N. J.), in 157 funds; Union Carbide & Carbon, in 151; General Motors, in 151; American Telephone & Telegraph, in 150; General Electric, in 145; E. I. du Pont de Nemours (and Christiana Securities), in 140; Texas Co., in 138; Phillips Petroleum, in 126; Sears, Roebuck, in 114; and Socony-Mobil Oil, in 110.

THE NATIONAL DEBT is dropping—on a per capita basis. Our increasing population and a "near-balanced" budget have helped reduce public indebtedness from a high of $1,905 in 1946 to the present figure of $1,686 per individual. However, we still owe ourselves the record sum of $280 billion.

—*Sales Management* 4/1/56

Has Consumer Credit Reached a Danger Point?

MUCH ADO has been made over rising consumer credit and the ability of the installment buyer to pay off his debts, but the situation doesn't yet warrant undue concern, asserts a report by the National Foundation for Consumer Credit Inc., Washington, D. C.

Approximately 56 per cent of all family spending units owe nothing on installment accounts—purchase or loans, according to the Foundation. This means that 30 million families are practically debt-free. Of the total 54 million family units, 44 million either owe nothing or less than $500. And 63 per cent of those making installment payments will clear up their debts within one year.

One reason for the rapid increase in consumer credit over the last few years is the rise of the $3,000-$7,500 income group. Today, there are six times as many families in this bracket as in 1941, the Foundation reports. About 83 per cent of the families owing more than $500 earn over $3,000 a year.

—*Steel* 4/16/56

Mileage Allowances for Salesmen—A Survey

SINCE 1951, 7 cents a mile has been the rate most commonly paid American salesmen who drive their own cars, according to a recent survey of 224 companies made by the National Industrial Conference Board. In Canada, however, the most common rate ranges from 8 to 11 cents, with about the same number of respondents listing each figure.

Of the American companies, 186 (76 per cent) use salesmen-owned automobiles, either exclusively or in combination with some other plan. Among the 63 Canadian companies reporting, 53 (85 per cent) use salesmen-owned cars.

The most popular method of reimbursing salesmen who drive their own vehicles is the flat mileage rate. This is the case in 53 per cent of the American companies and in nearly one-third of the Canadian.

THE DO-IT-YOURSELF BOOM: According to one estimate—that of the Do-It-Yourself Information Bureau in New York—people are spending $7 billion a year for do-it-yourself materials and equipment. It is said that amateurs buy 75 per cent of all interior paint sold in this country, 60 per cent of all wallpaper, 50 per cent of all floor tile, and 42 per cent of all plywood. How-to-do-it books number in the thousands. Adult courses teaching arts and crafts are more popular than ever. In a number of cities, do-it-yourself shows have attracted attendances running up to 100,000 persons.

—First National Bank Monthly Letter 3/56

What It Takes to Be a Manager

In recent years, business has awakened to the great need for qualified top management men—now, in such short supply.

What are the fundamental qualities that characterize men able to command in business? The list that follows is not complete; and these six qualities are rarely, if ever, found in their fullest degree in any one individual. The list may be useful, however, to anyone who wants to climb high on the management ladder and is willing to pay the price. These, then, are the qualifications:

1. *Creative ability.* Business is looking for men who can think. Ideas are the lifeblood of an organization. To be a good manager, a man must have the ability to think creatively, constructively, and clearly. The fast-moving, continually changing pattern of the modern competitive business world demands this quality if success and satisfactory profits are to be realized.

2. *Judgment.* This is synonymous with good sense. Men who are to be leaders must be men who can make sound and wise decisions. Countless fiascos have come about because someone in a key position failed to use good judgment—forgot the fundamentals of simple common sense.

3. *Administrative skill.* The good executive must be able to foresee the needs of his operation—to forecast its requirements in manpower, materials, money, and time. He must have the ability to resolve these needs into a practical and understandable program. This is, perhaps, the unglamorous side of the manager's job. It requires painstaking concern over a multitude of details; it requires concentration and vigilance; and, above all, it requires an orderliness of mind and method. And it is often the area in which many otherwise high-caliber executives are weakest.

4. *A positive attitude.* A manager must be optimistic; he must impart confidence and enthusiasm. The business world of today and tomorrow wants leaders who can inspire others. This positive approach, however, cannot be merely a pose; it must be sincere and deeply felt. A company, an operation within a company, a project within an operation—all must be directed by a manager who has this all-abiding faith in his work and objectives. A discouraged and despondent executive can send the morale of 100 or more employees into the gutter. A worried-looking boss can send a wave of fear rolling through an organization that may start a chain of resignations among the best people and a work slowdown among many others.

5. *Courage.* In nearly every business decision, someone must have the courage to take positive action without having at hand all the facts and data that could make that decision relatively risk-free. To wait for all the necessary information, may mean

missing an opportunity; it may mean that a more aggressive competitor will take the all-important initiative. Timing in business affairs is vital, so very often a manager must courageously stick his neck out and decide to do something—now!

It also takes courage to delegate. To give a subordinate the authority to perform a function, to stand aside and let him make a decision—a decision that may turn out to be wrong—requires courage. It takes courage to be tough, to say "no" to requests that come daily to a manager's desk, when it's much pleasanter to acquiesce and to be thought a nice guy.

It takes courage to ask your superior for advice. Many executives have the idea that, once given a responsibility, it will be viewed as a sign of weakness if they admit they are stumped now and then.

It takes courage to disagree with a superior. It takes even more guts for a manager to take action without a precedent or company policy to back him up.

6. *Character*. Managers must be men of high integrity. The honesty, the sincerity, and the moral posture of a top executive must be unquestionable. This is a common quality of all real leaders. They may have the other five characteristics in greater or lesser degree, but on this quality there can be no compromise.

■ *John M. Fox (President, Minute Maid Corp.).* SALES MANAGEMENT, *April 1, 1956, p. 25:7.*

Business Espionage

UNDETECTED by management, battalions of seasoned operators are regularly at work stealing business secrets. In scale, their operations range from spying out a competitor's multimillion-dollar bid on a government contract to paying a chain store mimeograph man $5 a week for an advance copy of the Thursday specials. The automobile, chemical, and oil industries particularly attract these operators, but they can be found in any spot where information is worth cold cash.

Few persons, of course, will admit they practice espionage (and not many more admit to being victims). It is enveloped in hypocrisy, and the companies that use espionage as a regular competitive weapon resonantly deplore its existence, or deny that it does exist. And almost nothing has been written about the practice generally. Yet, in the opinion of some of those engaged in this unsavory business, there is more industrial espionage going on in the U. S. today than in any other period in our history.

Much of business's voracious appetite for information is satisfied by routine and quite ethical procedures, ranging all the way from staff studies to industrial intelligence. Industrial intelligence, which encompasses activities that extend from innocuous

practices like pumping a competitor to reprehensible ones employing fake polls and phony letterheads, may be considered as the getting of competitive information by all legal means. Industrial espionage, however, has no justification either in ethics or in law; it is a culpable contravention of the basic right to privacy in one's person and property.

Industrial espionage makes it possible for unscrupulous management to get million-dollar information at bargain-basement prices. Instead of developing their own marketing data, industrial processes, and contract-bid figures, they find it profitable, and relatively safe, to steal their competitors'. Thus the practitioners of industrial espionage not only get information at nominal cost, but acquire along with it the invaluable knowledge that that information is the basis of their competitors' strategy.

It was the cold war that brought into being our first big peace-time espionage system. Over the past 15 years thousands of FBI, OSS, CIA, Signal Corps, and military-intelligence men have been trained as spies, and taught the use of complicated electronic equipment. As the higher salaries of industry attracted them, many left to set up shop as independent operators, and to take corporate jobs as undercover investigators—"security men" is the preferred euphemism.

The typical approach of an undercover man to his work, like that of any other pro, is to exert no more effort than absolutely necessary. Very often a great deal can be learned about a business simply by bribing a janitor or charwoman to save the contents of office wastebaskets. Other more or less standard procedures include the use of a horn-shaped listening device, sensitive enough to pick up conversations through the open windows of offices or parked automobiles across the street; telephoto movies of business conversations, subsequently "translated" at lip-reading schools; or telescopic close-ups of test tracks and styling studios from low-flying planes and helicopters.

When an invasion of the premises becomes desirable, the business espionage game gets dirtier and more complicated; but here again, the industrial spy can count on a great deal of technical help. Tiny portable transmitters, hardly bigger than a package of cigarettes, can be taped under an executive's desk, and for the two weeks' life of the batteries will broadcast all conversations to a receiver located a block or so away. Wire taps, of course, are the meat and potatoes of the industrial spy; but even these have undergone startling improvements. They will now pick up a voice even when the phone receiver is on the hook; moreover, a recently developed switch starts the recorder only when a voice comes over the line—eliminating costly monitoring and reducing frequency of reel changes.

As one might anticipate, the means by which management may combat espionage are sometimes as pernicious as the practice itself. Wholesale investigations of personnel are self-defeating. The damage to morale is likely to bring on a recrudescence of espionage by the remaining staff. The setting up of TV cameras on

assembly lines, putting "open" microphones in executive offices, or the planting of informers are equally indefensible and costly to morale.

The first step in establishing a sensible security system is mental. Executives must begin thinking of information for what it is, money. Once this point of view is accepted, simple physical measures can make it tough for the spy. Where confidential information must be given over the phone, "scramblers" at both ends of the line will neutralize wire tapping; paper shredders can be installed in individual offices, or a central trash system with a shredder set up for "sensitive" departments.

But the best security of all comes from having good people. This means more than keeping them happy on the job; it means the careful screening of each applicant. All too frequently company personnel departments fail to check an applicant's work history or talk to his former employers.

Once American business has taken all reasonable measures to protect itself from industrial espionage, it should not be unduly alarmed that some leakage continues. Human nature being what it is, absolute business secrecy is impossible, even undesirable. The most any company has a right to expect is adequate lead time. Corporate energies, then, should not be absorbed in protecting archaic secrets, but in producing new ones. Dynamism is a superb offensive measure against espionage.

■ *Richard Austin Smith.* FORTUNE, *May, 1956, p. 118:7.*

"We're right up to date on government forms and only three months behind on production."

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Corporate Earnings—The Figures Are Deceptive

ANNUAL REPORTS for 1955 from 3,400 corporations show a total net income after taxes of approximately $18.4 billion, compared with $14.6 billion in 1954—an increase of 26 per cent. The number of companies reporting increases exceeds by three to one those with decreases.

Among the main divisions of business, net income in manufacturing was up 31 per cent, mining 52 per cent, retail and wholesale trade 17 per cent, transportation 34 per cent, public utilities 15 per cent, the amusement and service industries 16 per cent, and banks and financial organizations 17 per cent.

Large numbers of individual companies reported the highest net earnings in their history, while the total earnings for all U.S. corporations nearly equalled the previous peak reached in 1950, when earnings were swelled by the booming demand and price inflation caused by the outbreak of the Korean war. Corporate income, as a share of total national income, however, has declined since 1950 from 9.2 to 6.7 per cent, while dividend payments have declined from 3.8 to 3.5 per cent of the national income.

Though generally favorable as compared with the best levels of the past, 1955 earnings were by no means the highest on record when measured as percentages of invested capital or sales, both of which have expanded greatly during recent years.

—*The First National City Bank Monthly Letter* 4/56

Facts on the Booming Junior Market

A GREAT DEAL of attention has been directed in recent years to the expanding market for all kinds of children's merchandise—furnishings, apparel, toys. The nation's high birth rate has brought some remarkable shifts in age groups. In the past five years, while the number of children under 15 has increased by 20 per cent, or 8 million, the group aged 15 to 29 has decreased by nearly 1 million.

The marked rise in the number of very young children has had an important influence in numerous industries. Children under 10 years of age now comprise about 22 per cent of our present total population—nearly twice the proportion represented by persons 60 years and older. The boom in the market for baby products has been one interesting aspect of this. One survey has disclosed that, on the average, during the first two years of a baby's life, its family and their friends spend a minimum of $475 for essentials and gifts. With babies being born at a rate of more than 11,200 a day, the economic consequences are obviously enormous.

—*Biddle Survey* (Biddle Purchasing Co., New York) 4/3/56

For the Specialist . . .

Blueprint for Major Medical Insurance: A Case Study

UNTIL A LITTLE over two years ago, Universal Pictures Co., like most large organizations, had in effect a hospitalization and surgical plan which provided the usual benefits. Every so often, however, we found one of our employees practically on the verge of bankruptcy because of sudden illness or accident within his family. And gradually we concluded that we had only scratched the surface of providing protection, and that the 3,500 families of our employees (both blue- and white-collar, located in all parts of the country) were still wide open to the financial knockout punch caused by such emergencies.

We therefore surveyed all areas of medical costs, with the following results:

1. *Hospital room and board and charges for additional services.* An examination of hospital charges across the country indicated that the average room and board charge for semi-private facilities was in the neighborhood of \$15 to \$16 per day—though they went all the way up to \$60 per day for de luxe suites. We concluded that there was no legitimate reason to provide insurance for any accommodations beyond those which the person in an income bracket of less than \$10,000 annually would use if he were paying the entire bill himself. We therefore decided to change our existing hospitalization plan to a \$12 per day room and board benefit, and we extended the period of coverage from 31 days to 180 days.

A careful examination of a large cross-section of hospital cases indicated that an allowance of \$1,000 for case room fees in any one hospital confinement was a completely adequate benefit for such costs. We adjusted our existing hospitalization plan accordingly, and then excluded from the major medical expense plan all hospital charges, since such charges were adequately taken care of on a catastrophic basis under the adjusted hospitalization plan.

2. *Surgical fees (in and out of hospital).* This was the area of medical expense which has seriously troubled all underwriters in the field of health insurance. Here was an element of cost that could vary, for the same service, from a charge of \$100 to \$2,000 or more—that was predicated in a very large measure upon the patient's ability to pay.

Excepting for a few types of surgery, we found that the benefits provided in what is commonly known as the \$300 surgical benefit schedule paid for between 65 per cent and 75 per cent of the surgical bills. This survey also disclosed that in a ma-

jority of surgical cases, the surgeon geared his fee to the benefit provided under the insurance schedule. Recognizing this indicated practice, we increased our schedule to a $350 maximum benefit. The purpose of this change was to attempt to bring the schedule up to the level of 75 per cent of the average bill.

We then excluded all surgical fees from our major medical plan, and thus eliminated one of the greatest dangers to the solvency of the plan.

We are convinced that in keeping surgical benefits on the scheduled basis, we were not in a great preponderance of cases failing to provide the adequate and needed protection. Our experience in the operation of our plan has confirmed this.

Having disposed of the two areas of medical expense which were subject to abuse, I should like to present an outline of what we consider an ideal major medical expense plan. It should reimburse for regular and customary charges resulting from any non-compensable injury or disease (excluding pregnancy) for: (1) medical treatment by a qualified physician—in or out of the hospital; (2) private duty nursing by a registered graduate nurse in or out of the hospital; and (3) services and supplies when not confined in a hospital such as: rental of iron lung or other mechanical equipment, prosthetics, etc., and/or therapeutic services and supplies.

This plan should provide for the payment of the charges enumerated above to the extent of 75 per cent of such charges after providing for a deductible of $100; with a total aggregate limit for each assured in the amount of $5,000.

Let us now examine these three major categories of medical expense:

1. *Medical fees (in and out of hospital)*. Under the major medical plan outlined, we are not concerned with the number of visits but rather with the cost thereof. We felt that this item of cost would not get out of control, in view of the deductible and co-insurance provisions and the fact that in most areas of the country doctors' fees are fairly well known and standardized. We therefore decided to provide coverage for all medical bills regardless of where incurred and without consideration to the number of visits involved, subject to the co-insurance and deductible provisions of the plan.

2. *Registered nursing fees (in and out of hospital)*. Examination of hundreds of claims indicated a woeful lack of coverage for nursing services, which can be far more costly than hospital room and board charges. We believe that the co-insurance factor will to a large extent eliminate abuse of this benefit and that the operation of the law of supply and demand of nurses will curb any tendency on the part of the assured to avail himself unnecessarily of such services.

3. *Services and supplies listed in the outline of the plan while not in a hospital*. This item does not require much discussion since its inclusion within the concept of a major medical expense reimbursement plan is obvious.

As for drugs and medicines, such expenditures do not properly come within the definition of catastrophic

or major medical expense, and were therefore excluded from the coverage.

The problem of setting up a proper deductible also received a great deal of attention. This phase of the plan was not examined with the intent of reducing the sum total of the amount of the claims to be paid, but with the view that ordinary medical expense should not be the subject of insurance. We also concluded that it should not be more than $100 for each disability as defined under the plan, because any greater amount might work hardship on those insured in the lower income groups.

That is how major medical expense insurance works. I am happy to report that after 28 months of operation it has done in every respect the job that we intended it to do, at a reasonable cost. As far as my company and its insurance carrier are concerned, sound major medical insurance is no longer an experiment but a successful reality.

■ *Benjamin Lorber.* EMPLOYEE BENEFIT PLAN REVIEW, *Vol. 10, No. 4.*

Seven Tips on Successful Sales Recruiting

IF YOU'RE NOT in the market for new salesmen right now, you probably will be before long. For the next five years are going to see some of the most intensive selling in our history. Good men to do the job will be at a premium, and you will face stiff competition for top men.

But there's a good way to hire first-rate salesmen that a surprising number of companies overlook: They forget to sell the benefits their own salesmen find in their jobs.

To help review your own hiring discussions in this light, here's a rundown of salesmen's attitudes in seven key areas. It's based on a survey by the Research Institute of America of over 10,000 salesmen in 671 companies, representing 49 industries. It furnishes an analysis of salesmen's thinking, and offers some tips for sales executives on presenting job opportunities in these terms.

1. *Company and product.*

An overwhelming majority of salesmen strongly endorse their company, its selling policies and products. As regards product, more than 93 per cent of the salesmen replied "yes" when asked, "Can what you sell be described as among the best on the market for the price?"

Hiring tip: What are the things about your company and its products that can inspire these loyalties—in fact, probably have done so with your present salesmen? Once ascertained, these are things to point out in interviews, together with an emphasis on the thorough product training you give.

2. *Selling as a career.*

The survey also shows that salesmen view selling as a career equally favorably. When asked, "If you had it to do over again, would you choose

selling as your occupation?" over 89 per cent said "yes."

Hiring tip: Show your enthusiasm for your own work and stress your conviction that selling is an important profession. Emphasize your company's realization of the salesmen's importance, how it cooperates with them in securing expected results. Point out the opportunities your salesmen have to make their own decisions in planning their work.

3. *Job security.*

Good salesmen like the companies they work for—and stay there. The survey shows that 46 per cent of the salesmen questioned had been with the same company from three to 10 years, and 23 per cent for more than 10 years.

Hiring tip: How long have your old-timers been with you? Can you quote them directly about how they like the company? What's the average length of service of your salesmen? It may be surprisingly long—and it can serve to soothe the man's natural anxiety about his own security.

4. *Relations on the job.*

An overwhelming number of salesmen indicated in the survey that they like their immediate supervisors and fellow salesmen.

Hiring tip: Do your sales meetings and informal get-togethers reflect a friendly, cooperative spirit? Do your men feel you are fair, generous, and helpful? If so, your applicant, once hired, will soon sense the fact. If not, he'll sense that, too—and you'd better do something about it.

5. *Sales training.*

Company sales training efforts are unsatisfactory, most of the salesmen indicate. They say that training methods are inadequate for today's tough competition—that they have failed to keep pace with the rapid changes in products and marketing needs.

Hiring tip: If your training program is continuous, uses effective techniques, and includes follow-up in the field, your description of this will be a powerful hiring tool. But tie your description of sales training to the beginner's needs; show how it helps him over the rough spots. Again, if you spot any present deficiency in terms of what you know salesmen want, what are you going to do to remedy the situation?

6. *Paperwork.*

While the majority of these salesmen share the classic gripe on this point, it is not for the expected reasons. They object primarily to the fact that sales and other reports are often not used by management to improve selling results. But they do recognize the need for reports, and feel the information sought is necessary.

Hiring tip: Explain to the applicant your requirements as to the types of reports expected. Be clear and explicit, but show how each piece of paperwork is used to the salesman's benefit.

7. *Compensation.*

A surprising proportion of salesmen are reasonably satisfied with the amount and method of their compensation. In reply to the question, "Do you feel you are being paid fairly?" about 65 per cent answered "yes."

Hiring tip: Tell sales applicants, honestly, what they can expect to make when selling your products. Explain the basis of compensation, es-

pecially incentive plans. Stress the features most liked by your present salesmen, and give examples of earnings in the low, medium, and high ranges. Outline what you can do to help the applicant reach the goal he visualizes.

■ THE SALES EXECUTIVE *(Sales Executives Club of New York) March 27, 1956, p. 3:2.*

Hook-Ups for National Sales Meetings—Film vs. TV

A WELL-EDITED, concise film of a special conference may be more effective than the more expensive closed-circuit television hook-up when used for on-the-spot briefing of key personnel throughout the country, reports W. Clement Stone, president of the Combined Insurance Company. He cites these advantages of a 16 mm. sound-strip, produced by professional cameramen and edited with the advice of company officials:

It is much less expensive than closed-circuit televising.

Where a television program might entail much wasted time for key personnel in the branch offices, a well-edited film can be reduced in length and shown more conveniently, with less encroachment on regular work schedules.

The film retains the on-the-spot nature of a closed-circuit telecast; it can be processed and distributed to branch offices for showing within 24 hours after it is made.

Skillfully edited, the film retains the important features of a conference, eliminates the boring and non-essential parts, and gets across the meaning of the conference with more punch and vitality.

Equally important, the film becomes a permanent record for the company.

—*Insurance Advocate* 3/24/56

Less Time for Lunch?

A TREND toward a shorter lunch period in industry is beginning to be discernible, reports the Paper Cup & Container Institute. After questioning 1,264 industrial plants, the Institute found that 41.5 per cent of the office workers had a one-half hour lunch period in 1955, in contrast to the 30.9 per cent in 1950.

The one-hour lunch period may not be doomed, but it is slowly disappearing. In 1950, 45.6 per cent of plants reporting had a one-hour lunch period; in 1955, only 38.5 per cent.

—*Office Executive* 5/56

Leadership and Initiative: A Self-Test for Management

WHAT ARE some of the basic attitudes, ways of acting and organizing that make it possible for one company to survive difficult periods of stress, to create and exploit opportunities, while another never achieves real vitality in its operations? In probing for the reasons behind business successes and failures, certain basic questions seem to be worth asking in regard to executive behavior. A number of these will be considered here.

Does the management distinguish between symptoms and causes?

Though this seems like an obvious distinction, the failure to make it is one of the most frequent sources of difficulty in business. Many times managers work extremely hard to deal with what they think is a basic problem, when in reality they are dealing only with the symptoms of an ailment which is far more fundamental, and as yet undiagnosed. Perhaps their programs do afford some temporary relief, but they fail to extirpate the root of the trouble.

Do the executives watch day-to-day developments in their own industry so closely that they lose track of some big, sweeping, long-range developments in the world, or their part of it, which may affect their business vitally?

There have been a number of large retail establishments which concentrated with great success on internal store management, and perhaps on merchandising generally, but failed to notice that the urban areas around them were changing and that the changes would affect their locations adversely. Such stores have ended up with fine buildings, good staffs, and perhaps good merchandise, but in the wrong part of the city.

Does management frequently ask, "What is wrong with our product or our competitors' products which, if corrected, would put us out ahead of the parade?"

Are there people in the organization with commercial sense, who can translate research and new ideas into marketable products?

Is there an individual or a group that has the knack of seeing what items the public would use if they existed, or seeing what developments in the laboratory can be turned into usable, salable products? And does the company have people with ability to design for manufacture, to manufacture at an appropriately low cost, to advertise and carry on promotional activities so that the public will know of the product and be willing to buy it?

Does the management of the company have a good sense of timing?

The history of business is filled with stories of firms that did what

might have been the right thing, but did it at the wrong time. A sense of timing has three main components: We have to decide *when* to do something; we have to decide *how long* to allow for something to happen; and, finally, we have to decide *what is the best sequence of moves.* This applies not only to broad questions of company policy, but to day-by-day human relations on the job.

Is the organization afraid to make exceptions? Does it recognize them for what they are, and return to a general policy?

In other words, do not be afraid to make exceptions, but avoid making so many of them that basic policies are changed by accident. It is clearly the better part of wisdom to have the members of an organization know that they can make exceptions when needed. Nevertheless, safeguards must exist.

Do the executives work continually at training men? Do they let people make mistakes as part of the cost of growing?

Certainly no part of a chief executive's job is more important than the task of finding, attracting, motivating, and rewarding people. This is a time-consuming activity, and it is one which, in my opinion, the chief executive himself must watch closely.

It is emotionally difficult for a boss to let people make mistakes. Anyone who has been in on the development of a business or at one time has done much of the work himself often hates to leave decisions to others. But allowing people to make some mistakes is part of the price that must be paid to insure the company's future.

Does the management group contain all the specific abilities it needs?

These do not have to be combined in any one person; indeed, they probably will not be. But are they available within management as a group? To answer this question properly, abilities must be measured against the needs of the particular company and industry, and these will clearly vary from firm to firm.

Do the executives have integrity?

It is very easy to take integrity for granted, to assume that other people recognize its importance and that we ourselves are automatically endowed with it. But there are many areas in which business men need to guard against temptations to depart from real integrity. Among them:

- Making promises to members of your organization which you may or may not be able to fulfill (e.g., holding out hopes of promotion to too many people).
- Pretending to act in the public welfare when you are in fact acting chiefly for your own company or, worse still, for yourself personally (e.g., some lobbying tactics).
- Abusing expense account privileges.
- Using sales promotional tactics which, if not technically dishonest, are at least misleading (e.g., some borderline advertising claims).
- Urging people to buy something which you know they do not need and/or cannot afford.

- Excusing something of which you disapprove by rationalizing that competition forces you to do it.

Integrity is more complex and elusive than we may think, but at the same time it is vital to the success of individual firms, and vital to the success of business as part of our civilization.

■ *George Albert Smith, Jr.*
HARVARD BUSINESS REVIEW,
March-April, 1956, p. 49-8.

Corporations in Tomorrow's World

AS A CREATURE of the economy in which it operates, the corporation of 1975 will necessarily reflect the growth of American society, its new market needs, and developments in materials, processes, and products. A basic fact here is the rise in our population; numbering 164 million today, it will reach 200 million by 1975—some 36 million more people to feed, clothe, house, transport, and amuse.

While growth of population is no guarantee that people will be ready and able to fulfill their economic requirements, the prospect is for a gradually enlarging economy over the next 20 years, with only temporary interruptions.

Interestingly enough, the presence of the large corporation is, in itself, a vital factor in this forecast. For the long-range planning of the giant company adds an element of stability which helps iron out cyclical ups and downs. What General Motors spends on capital equipment in 1956 may well have been decided in 1954 on the basis of market expectation for 1958. As the trend toward big business in many industries continues in the next 20 years, this new factor of long-range planning will play a weightier part in determining the state of our economy.

On the surface, there may not be many visible differences in 1975. There will still be many small companies; all competition will not be dead or dying. There will be more automation in some industries, but we shall be far from the nation of robot factories dreamed up in the Sunday supplements. The industrial landscape may not yet be substantially altered by atomic fuels. The movement away from urban centers is likely to go on, but it is doubtful, for all the speed of modern technology, that this revolution will be more than getting under way in 20 years.

It is inside the corporations that the deepest changes will have taken place. By 1975, there will be widespread acceptance, among smaller enterprises as well as large, of the new role of the business manager. The requirement for training management as a separate profession will be more widely recognized both within business and by schools and universities.

There will be even greater separation of ownership from management as the tide of mergers rolls on, im-

pelled by a number of powerful forces. First, estate taxes are operating to throw smaller companies into the arms of large purchasers. Second, the pressure for ever-rising productivity, in response to ever-rising wage demands, has a similar effect, as does the growth of the industry-wide union which places small employers engaged in mass production at an increasing disadvantage. Third, the needs for long-range planning, large financial resources, great research investments—all encourage the trend toward bigness and away from individual or family ownership. And, finally, diversity of product and market will become increasingly urgent factors in stability of operation, if not, indeed, for survival.

Corporate goals and policies will, by 1975, fully reflect trends which still seem tentative today. Thus, the business enterprise of 1975 will increasingly become a provider of economic security in the form of annual pay, insurance (both sickness and death), pensions, and so on. The main aspiration of young people, accordingly, is likely to be maximum security at minimum risk, rather than a chance to try for great rewards at substantial risk. This alone probably means that fewer small ventures will be started in the next five to 10 years.

It is certain that the corporation in 1975 will be spending huge sums for research. Some 15 years ago, total annual expenditure for industrial research could be measured in the millions; as of 1955, the annual investment in research by business was approximately $4 billion, and rising rapidly.

Will competition survive the trend to bigness? It is impossible to give a yes or no answer to this many-sided question. In some industries, effective resistance to monopoly can only come from the Federal Government, and it is not improbable that the political dynamics of the next 20 years will bring stronger federal control of mergers and vigorous policing of the antitrust laws.

In many industries, however, the brake on concentration will be economic rather than legislative. As is the case today, there will be services, crafts, and skills which the giant companies find unprofitable to provide. There remains a separate and vital role for the small company, and there is a resourcefulness in American small business which will continue to help it play that role even in the face of difficulties.

Besides, the development of great corporations does not in itself mean the disappearance of competition. Contrary to the experience of European cartelization, there are many American examples of intra-corporate battles for the consumer's dollar. Buick Division of General Motors, for example, genuinely fights with Pontiac. Du Pont's different fiber products actively compete with each other.

Are the results of such competition illusory? The ultimate test is in the price arena. Monopoly pricing, on a large scale, would collide eventually with the resentment of an aroused public; and consumer resistance could well be transmuted into a new political force. There is reason to expect that by 1975 the Big Consumer will have a political identity and voice as effective as that of Big

Labor or Big Business. The challenge of 1975 will be whether Big Government is able to balance the interests of all three—and those of Small Business, too.

Such a balancing would be characteristic of a "people's capitalism" in which an ever-increasing proportion of our people share in both the ownership of industry and the rewards of their increased productivity—through higher wages and more abundant goods sold at prices they can afford to pay.

■ *Eli Cantor.* CHALLENGE, *April, 1956, p. 16:5.*

"I think I've just been promoted."

Helping the Retailer Sell Your Product

THERE ARE many ways to unearth valuable marketing and merchandising information. One of the best is simply listening to big and little merchants—to the clerk behind the counter, to the beauty operator at the shampoo bowl, to the consumer at the check-out stand.

The suggestions which follow are based on interviews conducted in more than 100 different retail outlets. They are a distillation of many views that generally conclude with a declaration beginning, "If I were a manufacturer . . ."

The manufacturer can help the retailer to increase sales and reduce costs in at least five ways:

1. *Reduce the number of price promotions.* More and more retailers are finding this method of producing sales unprofitable. It is reducing normal gross profits and hurting retailers' inventories.

In a drug store, for example, we recently counted 15 price specials on a four-foot shelf area; regular stock had been relegated to the back shelves. One leading department store buyer cried that deals and price problems are hurting his regular business, congesting his inventory and open-to-buy. A well-known rack jobber on the West Coast is shortening his purchases of "specials." They are too costly in time, labor, and materials for the ticketing and special handling required to display them on racks.

Merchants contend that it isn't the two-for-one or half-price deal that sells the customer, but the advertising that gets him to try the product. Once the consumer has been sold, the quality of the product either holds him for repeat sales or loses him.

Another point to consider is the mounting reaction to price promotion by consumers. Many will not buy an item unless it is on a deal; others ask for a discount; still others reason that if the manufacturer can sell two of his products for the price of one, he can afford to cut his regular price.

There is one beneficial aspect of price promotions. Many retailers agree that price promotion is an inexpensive way to introduce a related new item or a new package. Regular acceptance of the senior product makes acceptance of the new item easier. On these terms, the promotion will generally receive a good reception at the retail level.

2. *Shorten the line.* Many companies would report a better profit picture if they tightened their lines. They should drop slow-moving "dogs" or eliminate duplicating products. Retailers agree that product surgery on many lines would release more money for faster-moving stock, increase the return on display space, save on bookkeeping, and eliminate lots of other headaches.

3. *Study your packaging.* As one packaging expert put it, "Package identity is product identity . . . package design and attractive, accessible displays are inseparable." There are many in industry who need to be re-

minded of these facts. For thousands of dollars are wasted on packages that do not fit shelves, packages poor in color, packages weak in design.

4. *Create more effective sales tools.* This subject breaks down into four subdivisions:

a. Cooperative advertising. All retailers would like to use more retail advertising. However, so much of it is poorly prepared that it is rejected. Copy does not present the retail point of view—doesn't bring customers to the store. Just leaving more space for the retailer's logo will increase the use of your mats. In the case of a famous toiletry company this doubled the use of mats by retailers.

b. Display. A tour of the basements of retail outlets will uncover shocking waste of display materials. Most units, we found, are too large for the counter, too small for the window, too high for the shelf, too complicated to set up.

c. Sales training. For low-price convenience goods, it is not necessary to develop an intensive sales-training program. But in most other kinds of goods, more information is needed. Clinics and classes, demonstrations, and films are welcomed. Any kind of concise program that gives salespeople better knowledge of the products and what they will do for customers will win wide acceptance.

d. Sales aids, such as samplers, hang-tags, testers, color charts, booklets, and folders can be made more effective in producing more sales. The retailer won't waste them; he's eager to use this kind of material.

5. *Get out and visit.* If you talk to those who buy and sell your goods, you may find ways to improve your product, package, salesmanship, and public relations. You'll discover that retailers need your advice. They are only trying to move your merchandise quickly, easily, profitably—and you're in the best position to help them do it.

■ *Murray Spitzer.*
PRINTERS' INK,
March 16, 1956, p. 24:3.

Understanding the New Consumer

AMERICA is on an historic binge of buying, building, spending. In 1955 we shelled out \$253 billion on everything money can buy, from canned soup to mink-coated can openers. Caught in this breathtaking revolution of spending, the manufacturer is haunted by two questions: (1) How long will the golden avalanche last? (2) How can he carve out the largest possible share of the market for his own product? These two questions have a common psychological denominator: the jet fuel of our national economy called desire. The proper question is not whether our prosperity will last, but what exactly can we do to make it last. In more personal terms, the question is: What can the individual manu-

facturer, retailer, and advertiser do to keep and even expand his share in the present volume of business. Here are some of the answers:

1. *Think in terms of family satisfaction.* One of the most conspicuous and most important aspects of our spending binge is that it is family-based. 1955 was the seventh straight year in which more than 1 million new home buildings were started. The paint, varnish, and lacquer business last year reported an unprecedented sales volume of $1½ billion.

These random figures are only an exterior indication of the contemporary preoccupation with home and home life. Young or old, today's families are doing things together. The house, the home, the family understanding represent not only a central life-goal but a source of constant excitement, interest, and buying decisions.

2. *Give "moral permission" for spending and enjoyment.* Today we do not any longer really believe that hard work and saving are the only desirable things in life; yet they remain subconscious criteria of our feeling of morality.

One of the basic problems of our prosperity is to give people the sanction and justification to enjoy it. That the customer is right in surrounding himself with products which enrich his life and give him pleasure must be one of the central themes of every advertising display and sales promotion plan.

3. *Utilize the fact that the customer's mind is plastic.* It is a human law that the more we have the more we want; that desire breeds desire. Producers mustn't be inhibited by the fear that the "saturation point" is imminent, that "even people with money will buy only so much." Your own positive attitude will influence your consumer.

4. *Offer a psychological partnership.* In a sense, consumers tend to view their purchase of a brand as a share in the brand's success. You may be wise to inform your customers in advertisements, like stockholders at a meeting, of what the company is doing, what it plans to do, how the sales have grown and why they have grown. Company loyalty to the customer is just as important a psychological element in sales success as is brand loyalty.

5. *Follow the changes in the public taste.* Over the past decade there has been a tremendous change for the better in the taste and sophistication of the average man. The purely useful product is not enough any longer. It must also be pleasant to the senses. Manufacturers and advertisers must remember that in our changing culture gourmets and designers are just as important as motivational experts and engineers.

6. *Be aware of the changed role of the sexes.* The traditional division of labor between the two sexes has changed. Men are deeply interested in freezers and other household appliances. They are also more frequent shoppers in the supermarkets. Women, on the other hand, are increasingly the family drivers and get in contact with filling stations and mechanics.

All this means not only that many advertising appeals must be revised

but also that new selling techniques are needed.

7. *Foster personal relationships.* Consumers have a need for more intimate personal relationships in their purchase activities, notwithstanding the anonymous nature of much of today's buying.

The outstanding success of "Betty Crocker" is an example of this need for a personal relationship. She creates the impression that it is not an anonymous, cold corporation which is behind the product but a living person, a woman who is kind, nice, knowing, and reliable. The housewife has the illusion that she is buying from someone with whom she can establish a warm personal relationship.

8. *Help the customer plan.* The large majority of today's consumers are planners who want to expand and to acquire new possessions in a predetermined order and manner.

A recent study indicates that discussions about physical planning ahead form the bulk of family conversations. Many people know exactly what they want to acquire in 1957 and 1958. From a merchandising point of view, very little advantage has been taken of this strong motivation.

9. *Satisfy the desire for individuality.* Today's American has a great desire to feel that he or she is an individual and not merely a member of the anonymous masses. This drive for personal values is manifest today in the way people choose a brand, respond to a commercial, or select a store to patronize. Studies have shown repeatedly that people attribute qualities to products which harmonize with their personal views and wishes. Thus, successful merchandising, promotion selling, and advertising today must be deeply concerned with the individual consumer.

10. *Know your customer's mind.* When you plan a new product, prepare new packaging, or consider an advertising campaign, always remember that you have a new type of consumer with an evolving new set of buying motivations. Herein lies a great opportunity not only for individual business men but for the national economy as a whole.

■ MOTIVATIONS *(Institute for Motivational Research, Dr. Ernest Dichter, President), April, 1956, p. 7:5.*

CORPORATE CHANGES: More than 2,400 American corporations changed their capital structure last year, according to the Commerce Clearing House. This was one-third more than the number that revamped their financial composition in 1954, and two and one-half times the number that made such changes in 1950. The 1955 changes were far greater in number because of stock splits, the issuance of stock rights, refinancing of both stocks and bonds, mergers, preferred stock redemptions, and prepayment of bond redemptions.

—*The Controller* 4/56

Outdoor Recreation Programs for Employees— A Survey

TO DETERMINE the policies of various companies in sponsoring spring and summer recreation activities, the Dartnell Corporation recently surveyed 57 companies on their current plans and past experience in arranging employee outdoor activities. Some of the findings were:

Over 90 per cent of the respondents indicate they are planning some sort of company-sponsored program this year. Most of these are having the same type of program that worked successfully last year.

In most instances, the program is planned by the personnel department, in cooperation with an employee committee. However, 25 per cent of the respondents indicate the entire program is handled by an employee committee, and 18 per cent reported the personnel department does all the work. Eighty-five per cent of the programs include all employees.

Picnics are the most popular form of outdoor recreation. Golf parties, softball teams, dances, fishing, and swimming parties follow, in that order. In 45 per cent of the cases, the company furnishes the food, and in 40 per cent, the employees bring it. Beer is available in 65 per cent of the programs, and soft drinks in 90 per cent.

Attendance, a fine barometer of the program's acceptance, varies with the different companies. The average percentage of employees attending is 65 per cent.

More Dollars for Leisure

WITH MORE TIME to enjoy themselves than ever before, Americans are now spending about $32 billion a year in the leisure market, and will very likely be spending more than $37 billion annually by 1960, according to the Chase Manhattan Bank's quarterly economic survey.

Leisure expenditures at present include $10 billion a year for vacations and weekends; $3 billion on radio, TV, and musical instruments; and $2 billion on movies, plays, and spectator sports.

In addition, the demand for leisure in old age has contributed to a striking increase in saving to provide for old age security. In the short span of 10 years the number of private pension plans has tripled, the bank estimates.

—*Auditgram* 3/56

THE FLOW of raw materials and merchandise from abroad into the United States broke all records last year. American imports averaged more than $221.1 million per week, totaling $11.5 billion for the year.

—*Biddle Survey* (Biddle Purchasing Co., New York) 4/3/56

Production Maintenance in Tomorrow's Plant

ONE THING is certain about automation. It's forcing seat-of-the-pants maintenance out of style.

Where the maintenance man used to be a clever jack-of-all-trades, he's now a trained specialist. Where he used to be on call to make repairs, he's now on patrol to anticipate them.

This may require a subtle shift in the thinking of maintenance supervision. Instead of maintaining machines, they're now required to maintain production. For down time becomes a veritable monster under automation. The machine that turns out hundreds or even thousands of parts in an hour can't be spared from the production line. It becomes critically important to shave minutes off any down time. Even the time required for the trouble to be reported and the maintenance man to get to the machine is worth saving.

The answer lies in having one or more maintenance men cover a production area. Their full-time job is to patrol and service equipment in that area. This can sharply reduce down time. Moreover, if the maintenance man is only a few steps away, the operator is less likely to tinker.

There's a difference of opinion as to whether preventive maintenance is practical for automation. One side holds that it never was more important. With automation, advocates point out, avoidance of breakdown is critical. Machines and equipment can be scheduled for minor overhaul at regular intervals.

The other side figures it is better to tolerate a few breakdowns than it is to spend excessively on preventive maintenance. They say that unless equipment gets into trouble, you can't afford to take it out of service.

Probably the answer for most automated installations lies somewhere between these two points. If the equipment isn't in operation for a full three shifts, it may be possible to replace bearings, valves, motors, etc., while the equipment is idle—and do so before failure. If the equipment is going full tilt all three shifts, it becomes necessary to compromise between breakdown repair and interruption for preventive measures.

Certainly, maintenance personnel (and everybody else on the line) should be prevention-minded. Danger signs like a noisy valve or hydraulic circuit, excessively hot bearings, and part-time electrical quirks should be heeded. When the equipment goes down for, say, a routine tool change, the cause of the danger signs can be corrected, with little or no loss of production time.

Lubrication, tool change, and routine inspection of working parts must be performed on a scheduled basis. These can be, and often are, handled by someone other than the regular maintenance crew. Lubrication can be handled from a central plant maintenance department or by area crews. Lubrication personnel should be given charts that show which points on the equipment re-

quire service, how often they should be lubricated, and what lubricant should be used.

As an aid in preventive maintenance, records should show how much time is spent repairing a piece of equipment, what replacement parts are needed, nature of the trouble, etc. Properly used, these records will show which equipment is susceptible to casualty, and what kind of trouble occurs most frequently. They will put the spotlight on equipment that's out of line cost-wise, will serve as a guide to stocking spare parts, and will influence assignment of personnel to the maintenance crew.

The all-round maintenance man, like the family doctor, is disappearing from the American scene. Today's maintenance man is being trained to diagnose and treat specialized ills of the hydraulic system, or the electrical network, or the tooling.

How do you educate your maintenance men to meet these special demands? The automobile companies, and others with a similar stake in automation, are spending thousands to train maintenance crews in electrical troubleshooting, hydraulic and pneumatic circuitry, mechanics, and electronics. Other companies are sponsoring courses in these subjects at local night classes. And one of the easiest and most effective methods is to utilize the help that equipment builders are prepared to give in training maintenance personnel.

■ *Robert F. Huber.* STEEL, *Vol. 137, No. 21.*

Planning an Integrated Data-Processing Installation

DESPITE recent progress in electronics, we are still a long way from the day when we can spend our time as we please while our offices run themselves. The electronic computer is a powerful but exceedingly stupid giant. It is the task of office managers to adapt clerical processes to the machine's capabilities.

This adaptation process has two major and closely related aspects. One is the purely mechanical process of adapting clerical work flow to the machine's needs. The second is the impact which these changes will have on office personnel. Unless we are successful in administering both types of change, we cannot hope to succeed in a data-processing application.

Preparing for electronics is an exceedingly detailed undertaking; the time and accompanying expense are of such magnitude that each step warrants the most careful consideration.

The first step, of course, is to consider those things which electronic computers might be expected to do for you. The second is to determine within fairly broad limits whether or not the over-all economics appear to be favorable. This step is generally called a "feasibility survey."

Many different types of computers are now being offered, but those available from the major suppliers are of two general types:

1. A machine which has a very large memory capacity, and hence the ability to process data which involve utilization of many diverse factors.

2. A machine which has a much smaller memory capacity, and hence a narrower range of capability.

Some of these machines can be purchased or rented; others are available on a rental basis only. In general, however, the larger machine costs about \$350,000 a year, while the smaller unit costs roughly \$50,000 a year. It is not too difficult to make a pretty fair assessment of the type and quantity of work which each of these two classes of machines could do for you.

It is wise to set up a bogey of about \$50,000 a year and another of \$350,000. Then price the advantages which you would have to obtain to save these costs plus a benefit factor of, say, 50 per cent. These advantages are of two main types: those of clerical cost savings, and the less tangible advantages of obtaining more comprehensive statistical information than feasible by other methods.

If this crude measure indicates that it would be possible for you to derive benefits by using an electronic computer, you have reached the point where you should undertake a detailed study.

The first step is to define the areas and to organize the methods force which will undertake the study. Since one of the most valuable attributes of a computer is its ability to integrate the processing of data, the study will inevitably cross departmental lines. The direct over-all responsibility for the project must, therefore, be vested in a senior executive.

The formation of the study group is itself a most difficult problem because it must comprise personnel having a thorough knowledge of the concepts which guide the operation of the company, skill and experience in systems analysis, a comprehensive knowledge of the characteristics of punched-card and bookkeeping machines, familiarity with the essentials of programming for data machines, and a thorough knowledge of the work under review.

Unless you are able to muster such skills—either by employing a nucleus of specialists and/or by utilizing the many good training courses which are now available—you ought to retain a consultant to guide the study and to supply the missing skills.

What are the characteristics of a program for a data-processing installation? The first aspect of the program to be considered is the total time which will be required for installation. Here opinions will differ. But for a large installation we

should think in terms of three to four years, and consider a methods force of perhaps 30 to 40 persons.

Any logical approach to this problem would also include:

1. Listing all the main operations which will be programmed for electronic computers.

2. Scheduling these operations for examination in a logical sequence over a period of, say, three years.

3. Adjusting this sequence in the light of the available methods skill —at the same time establishing a related program for developing the necessary skills.

Another factor to be considered in the installation of a data-processing program is the degree of mechanization which exists at the start. Is the company to move directly from manual methods to electronic computers, or will it take the intermediate step of accomplishing a high degree of mechanization by conventional methods before the final transition?

Again, differences of opinion exist on this point. Usually it is wise to take the intermediate step of conventional mechanization. If you already have a high degree of mechanization, then make a most comprehensive examination of the paper flows ahead of your machines, and clean up and standardize these flows to insure maximum utilization of this equipment. This process will give you a valid basis for measuring the extra benefit from an electronic computer. It will also simplify the task of programming.

As indicated, the installation will be a long process. The interim use of conventional punched-card equipment—which can be rented—is a means of accomplishing significant savings during the programming period. In other words, start cashing your checks as soon as you can.

■ *Robert D. Armstrong.* OFFICE EXECUTIVE, *May, 1956, p. 27:3.*

Which Came First: The Baby or the Boom?

IT'S A well-established fact that the bumper postwar crop of babies is helping to build new consumer markets that in turn have expanded the U.S. economy. And the Census Bureau has recently come up with new statistics that tend to tie together cause and effect by suggesting that families are getting bigger because of the business boom.

For example, when the number of births increased by 21 per cent from 1940 to 1952, about 17.4 per cent of that increase came from new marriages, says the Bureau. On the other hand, from 1950 to 1954 there were 11.5 per cent more births, of which 9.6 per cent occurred in existing families.

In other words, the fertility rate of American families has risen sharply. Census officials say privately that this is caused by a feeling of "security" and "relaxation" which stems from confidence in the future.

—*Business Week* 4/7/56

Is the "Uncommon Man" in Peril?

In business during the past 50 years there has been a gradual replacement of the individual by the group. This has been a natural, even, and inevitable development as our economy and its component parts have grown in size and stature. The result has been that only what we now call small businesses can be encompassed and directed by a single mind. As our enterprises grow, delegation of authority becomes more and more essential to successful operation, and there remain very few large-scale activities that can be clearly identified with a single individual.

Much has been said in recent years of the "new type of business man," as if, by some process of sexless eugenics, the bull terriers and bloodhounds of the business past had been crossbred to produce a race of intelligent and kindly poodles. Personally, I have never been able to accept this concept. It seems to me that men will always reflect the society in which they live and will respond to its pressures, its ideals, and its customs. As society as a whole develops and grows, both spiritually and materially, the individuals comprising it will grow and develop with it. In business endeavor, there is an added pressure for conformity to the public interest, arising simply out of the numbers of people involved in any given management decision.

The change over the years from the responsible individual to the responsible group has greatly increased emphasis on continuity of a given enterprise. Fifty years ago, a man was disposed to look upon his business as ending with his lifetime, and his policy decisions were accordingly geared to a relatively short span of years. Today, business enterprises have accumulated, so to speak, a life span of their own. Their managers have become torchbearers, accepting the responsibility passed on to them by their predecessors, and aspiring to pass on a healthy and dynamic entity to their successors.

It seems to me almost axiomatic that, over the long stretch of corporate life, no business can prosper unless it serves the public interest, in all of its many facets. And, as a business develops and its policymaking decisions are delegated to an ever-increasing number of people, business conduct will reflect the public interest as it may exist in a particular setting and at a particular time.

The pressures of society will inevitably produce their own controls and stabilizers. These pressures for the preservation of a particular moral code are great, indeed, particularly in the area that has been called "obedience to the unenforceable"—the things we do, not because they are required, but because they are right. This strength is much more potent

and compelling than the law, and business can be no less responsive to it than can any other group.

This averaging process can have its bad side, of course, as well as its good: it can stifle the creative individual by submerging him in the common denominator. Yet society sometimes seems intent on forcing us in that direction. We see the constellation rather than the star; we applaud the ensemble rather than the brilliant soloist. Just when we will realize the promise of the future and how far our new technological developments will take us depends on how well we are able to recognize and encourage individual achievement. We cannot move very rapidly if we shut the door on our ablest people by burying them in the lifeless tomb of mediocrity.

Try as we will, we can create no synthetic genius, no composite leader. Men are not interchangeable parts like so many pinion gears or carburetors; genius, as John Adams said, is bestowed "imperiously" by nature upon an individual. And behind every advance of the human race is a germ of creation growing in the mind of some lone individual, an individual whose dreams waken him in the night while others lie contentedly asleep. We need those dreams, for today's dreams represent tomorrow's realities.

Yet, the very nature of our mass effort presents a grave danger, not that the individual may circumvent the public will, but that he will himself be conformed and shaped to the general pattern, with the loss of his unique contributions.

The great problem, the great question, is to develop within the framework of the group the creative genius of the individual. It is a problem for management, for public education, for government, for the church, for the press—for everyone. The stake is both the material one of preserving our most productive source of progress and the spiritual one of insuring to each individual the human dignity which is his birthright.

■ *From an address by Crawford H. Greenewalt (President, E. I. du Pont de Nemours & Co.) before a meeting of the American Newspaper Publishers Association.*

Who Are Your Best Customers?

DON'T jump to the conclusion that people with higher incomes are your freest-spending customers—government surveys show that the opposite is true.

Age groups 35-44 and 45-54 have the highest median incomes—$4,688 and $4,353 respectively. But people in these groups save more, and actually spend less of their earnings than those in the 18-34 category.

The reason: Younger people have more unfulfilled needs, and want homes, cars, and appliances. Hence, they are the biggest "dissavers"—Washingtonese for one who spends more than his income.

—*Nation's Business* 1/56

A Business Man's Best Friends

MY COMPETITORS do more for me than my friends do. My friends are too polite to point out my weaknesses, but my competitors go to great expense to advertise them.

My competitors are efficient, diligent, and attentive. They make me search for ways to improve my products and services.

My competitors would take my business away from me if they could; this keeps me alert to hold what I have.

If I had no competitors, I might be lazy, incompetent, inattentive. I need the discipline they enforce on me.

I salute my competitors. They have been very good to me, because they are the greatest force for my progress that exists.

—Barney Farwig (General Sales Manager, Cities Service Oil Co. [Delaware]) quoted in *Management Briefs* (Rogers, Slade & Hill, New York) No. 73

"You'd be amazed how it's cut down my work."

—From *Strictly Business*, by Dale McFeatters. Copyright 1949 by Publishers Syndicate. Reprinted by permission.

How Industry Spends Its Research Dollars

PRIVATE INDUSTRY performs about two-thirds of all research and development conducted in the United States in the natural sciences and engineering. In 1953, industry's research and development activities cost approximately $3.7 billion out of the total of more than $5 billion spent for such work in all types of organizations—government agencies and educational and other non-profit institutions, as well as private business.

The number of companies conducting research and development during 1953 is estimated at about 15,500 (excluding enterprises having fewer than eight employees, scientific and engineering consultant firms, and a few other types of organizations). These and subsequent findings are from a survey conducted by the U. S. Department of Labor's Bureau of Labor Statistics for the National Science Foundation.

The electrical equipment and aircraft industries far exceeded all others in the scale of their research and development activities. Together, the programs of these two industries cost about $1.5 billion in 1953, or two-fifths of the total for all industries (including both government-financed and company-financed projects). Ranking next were motor vehicles, chemicals, machinery, professional and scientific instruments, petroleum, telecommunications, and fabricated metal products (including ordnance). Together, these nine industry groups accounted for about nine-tenths of the estimated total cost of industrial research and development.

For industry as a whole, research and development conducted for the Federal Government (on either research-development contracts or such portions of procurement contracts) cost about $1.4 billion in 1953, or nearly two-fifths of the total cost of industrial research and development. Aircraft manufacturing predominated over all other industries in the amount of government-financed research, and the electrical equipment industry was second; together, the two industries accounted for nearly $1.1 billion, or over three-fourths of the total government-financed research and development cost. In contrast, the professional and scientific instruments industry, which ranked third in the amount of federally financed research, spent $77 million.

Obviously, the industries with the largest amount and proportion of government-financed research are those most directly related to the defense effort. However, certain industries, especially chemicals and petroleum, have made a greater contribution to defense research than the government cost figures suggest, since part of their large company-financed research programs have been related to defense problems.

A size classification of companies engaged in research and develop-

ment is shown by the following table:

Size group	Per cent of companies conducting research and development	Number of companies conducting research and development
8-99 employees	8.8	8,581
100-499 employees	22.2	3,284
500-999 employees	42.1	834
1,000-4,999 employees .	66.3	845
5,000 or more employees	94.6	314

In seven industry groups (aircraft, electrical equipment, chemicals, professional and scientific instruments, machinery, rubber, and fabricated metal products), all reporting companies with 5,000 or more employees had research and development programs. In every major branch of manufacturing, at least nine-tenths of the companies with 5,000 or more employees conducted research and development, and some of the remainder were members of corporate families which included companies with research programs.

It is an axiom of industry analysis that the relatively few big companies represent a great part of the nation's employment, sales, earnings, assets, etc. Such analysis is confirmed by the concentration of research and development costs in large companies. The companies with 5,000 or more employees did over 70 per cent of the research and development work (measured in terms of 1953 cost), a far higher percentage than their proportionate share of employment. In contrast, companies with less than 500 employees accounted for only 10 per cent of the research and development cost, though they had about 35 per cent of the total employment.

Another survey finding was that private industry is by far the largest field of employment for the nation's scientists and engineers. More than 550,000 engineers and scientists were found to be employed in the responding industries in January, 1954. Engineers were the largest occupational group, numbering well over 400,000; chemists, the second largest group, numbered about 60,000. The actual numbers of engineers and scientists engaged in research and development were largest, of course, in the two largest fields—engineering and chemistry. The proportions employed in research and development were greatest, however, among biological scientists and physicists, about two-thirds of whom were doing research and development.

The range of industries employing scientists and engineers was very wide. Sizable numbers of engineers were employed in all major branches of manufacturing and in many nonmanufacturing industries; on the other hand, over half of the total number in industries covered by the survey were in metalworking industries. Chemists, likewise, were employed in many different industries. For physicists, the electrical equipment and aircraft industries were found to be the largest fields of employment, but some were reported to be working in most major branches of manufacturing and in telecommunications. Mathematicians worked in a still wider range of industries, in both manufacturing and other industry groups.

Finally, the survey showed that the proportion of scientists and en-

gineers engaged in research was approximately 31 per cent in companies with 5,000 or more employees, compared with 28 per cent in those with 1,000-4,999 employees and slightly under 25 per cent in those with fewer than 1,000 employees. This differential is, of course, one of the main reasons for the greater concentration of research cost than of scientific and engineering employment in large companies, but it is not the only causative factor. According to preliminary data from the BLS-NSF survey, the average cost of research and development per scientist or engineer tends to be higher in large than in small companies—owing to an additional complex of factors, including the nature of the product and the extent of utilization of supporting personnel.

■ *Helen Wood.*
MONTHLY LABOR REVIEW,
March, 1956,
p. 274:5.

Getting Ideas from First-Line Management

THERE'S A GOLD MINE of cost-cutting ideas among your foremen and supervisors. But are you cashing in on it? Or are your supervisory people bogged down in day-to-day routine with little time for the kind of creative thinking that leads to money-saving suggestions?

Borg-Warner Corporation's Pesco Products Division (Bedford, Ohio) faced up to these questions, then set out to mine the gold.

Pesco's plan is a streamlined version of a conference method developed by Borg-Warner headquarters and adopted—with modifications—by other B-W divisions. Three teams, totaling 45 men, take part in the conferences. Thirty of these are foremen or assistant foremen; others include supervisors from production control, inspection, purchasing, time study, methods, process engineering, and tool design. Thus, each of these 15-man groups is made up of a cross section of foremen and supervisors—people from different production and maintenance departments, from engineering and various offices. In this way, each group gets the benefit of varied experience.

Each group has two officers: a chairman and a secretary. Assignments are rotated every two months. At the start of the program, management made sure each group included two or three men who were skilled in running meetings, expressed themselves well, and knew how to encourage participation. The industrial relations director helped steer early sessions, but he soon found supervisors could, and did, run their own meetings without his help. The groups meet on their own time, after hours, every other week.

Sessions last an hour or two, depending on the work to be done.

The link with top management is provided by a steering committee comprising the vice president for operations, the factory manager, factory superintendent, chief industrial engineer, and the chairman and secretary of each group. While the groups need no prodding from above, activities must tie into over-all plant operations to avoid duplicating each other's efforts and those of the industrial engineers. At monthly meetings of the committee, group representatives present new ideas and get management's decisions on ideas presented earlier.

Once an idea has been aired before a group, it's put through a series of screenings. Here are the steps:

A kickoff takes place at a meeting of the suggester's conference group, where he presents his idea—usually in written form. He may back up his presentation with sketches, charts, diagrams, and models. Other members of the group quiz him and discuss his idea. They may turn it down flat, of course, but chances are they'll ask for more facts.

The first probe then follows. If the group wants more facts, the chairman names a subcommittee to investigate, setting a date for the report. When an idea calls for new equipment or tooling, investigators ask the tough question: "Will it pay for itself in one year?"

The suggestion then goes up the line—if the subcommittee okays it—to the steering committee. Here, again, visual aids are used to put the idea across. Once approved in substance, the idea is given further study. If rejected, this decision is backed with logical, valid reasons which the group representatives report to their people.

The final probe then follows. If the idea is approved for further study, it's given a project number and passed along to a specific department—usually industrial engineering—for final investigation. A date for final decision is set. Most ideas are put into effect if they're okayed by the department that made the final investigation. But if a suggestion calls for an unusually high expenditure, it may be delayed until it has been thoroughly discussed by top management.

In running a group meeting, the first order of business is the chairman's report on the previous steering committee meeting. He tells which ideas were approved, which rejected—and why. Next, the subcommittees report on ideas under study. Finally, new ideas are introduced, discussed, and assigned for study.

The secretary keeps minutes—running reports on the status of ideas. Minutes are distributed to group members within three days after a meeting. A look at the minutes of any session tells the foreman what's coming up at the next meeting.

Pesco's experience has been that foremen don't regard this as outside meddling in departmental affairs; on the contrary, they welcome the help. Management itself made plain at the beginning that no criticism of individuals was intended; that this was to be a group attack on costs. Man-

agement also encourages rivalry among the groups—within limits. At the year's end, a dinner is held and awards are made to the group with the highest cost reduction score. Scoring is based on number of ideas accepted, not dollar value of payoff.

Once the plan was under way, it began to turn out usable ideas at a rate of seven per month, with an average annual saving per idea of over $5,500. And that, say Pesco executives, is only the beginning. As the plan matures, they expect the rate to mushroom.

What's more, the company reports, the conference plan has speeded communication between supervisors and other management men, and improved supervisors' morale.

■ FACTORY MANAGEMENT AND MAINTENANCE, *April, 1956, p. 84:3.*

Professionals in Industry—Who Works Where?

THE MAKEUP of different industries has a marked effect on the distribution of college graduates. According to the latest unofficial estimates based on census figures, the heavy concentration of the country's accountants is in the business service industry (17 per cent), wholesale and retail trade (15 per cent), and in finance, insurance, and real estate (10 per cent). In these industries, the typical unit is small.

Of chemists, physicists, and mathematicians, 26 per cent are concentrated in the chemical industry, in which large companies predominate, while 22 per cent are in the small company fields of business and professional services. The industry that takes the greatest number of engineers is construction (14 per cent), but the typical firm takes few: one sample shows a total employment of only five civil engineers per firm.

The government is heavily populated with professional people: 14 per cent of the accountants, 12 per cent of the scientists, and 12 per cent of the engineers.

In the chemical industry, salesmen outnumber chemists by about 33 per cent. But 88 per cent of all salesmen are concentrated in two small-unit fields—wholesale and retail trade—together with finance, insurance, and real estate.

—*Fortune* 4/56

SINCE 1941 the cost of machinery and equipment to American industry has declined, in comparison to the average cost of an hour's labor, by almost one-third, according to a recent study by the Machinery and Allied Products Institute. In the case of capital equipment producers themselves, the rise in average employment cost per hour since 1951 has been more than double the advance in machinery prices.

Management Consultants: Good Medicine for Ailing Companies

MANAGEMENT CONSULTANTS were once little more than efficiency experts with a fancier title. Today, the management consultant tries to be a hired superman: a co-strategist, talent scout, policy adviser, hatchet man (to chop down executive deadwood), nay-sayer, and new business finder. In the postwar boom, the consultant business (2,000 firms grossing more than $400 million annually) has grown faster than ever as industrialists, facing the largest opportunities (and pitfalls) in history, have looked for experienced guides for mergers and for diversification.

This mushroom growth has exposed the management consultant business to the withering charge that it is a fad, a fraud—and worse. Many old corporate hands hoot at the whole business and its many fuzzy-cheeked practitioners, and recall that the affairs of one consultant got so snarled up that the firm hired another to come and tell it what to do.

The field has, of course, attracted fakers and incompetents. The classic boner was made by the experts who, in the 1920 depression, strongly advised GM to drop Chevrolet and quit the low-priced car business. Some consultants, concerned more with fees than duty, sidestep the job of giving unpleasant advice. One consultant spent three years at a troubled corporation, amassing a $600,000 fee after making numerous recommendations. But he avoided the only important one: Fire the family management whose incompetence was the real cause of the trouble.

Consultants, however, have been employed repeatedly by some of the largest U.S. corporations, such as American Cyanamid, General Foods, and RCA, and obviously have earned their fees. One of their chief values is that they bring in a completely fresh viewpoint. They may not be smarter than the men they advise, but they offer a corporation the analytic eye of a competent outsider who is not entangled in the company's day-to-day operations and politics. Sometimes the consultant can apply know-how gained in a similar situation with another client. Often he finds that the solution is right within the company: Underlings know what should be done, but could not sell their ideas to the top brass.

However, it is hard to measure exactly how effective consultants are. The hiring firms are usually close-mouthed, as though they were admitting to a shameful weakness, while the consultants themselves tend to be glowing and non-specific about their work. Often their job is in the policy area and cannot be measured in dollars and cents. But

there are tangible evidences of successes. One consultant firm's survey of a large railroad introduced new budget and inventory control systems, divided jobs into staff and line posts, and resulted in a payroll saving of $600,000 annually. Another consultant's reorganization of the Post Office Department eliminated so much duplication that the Postmaster General also saved many millions.

The best proof of the need for the profession has been its continuing growth and acceptance. While the shady firms look constantly for new suckers, the sound outfits have lists of waiting clients, and report that 80 per cent of their customers come back regularly. But even the management consultants know that they must be used sparingly. Like antibiotics, they should be called in only when necessary, lest the corporate body lose its own vitality and capacity for self-correction.

■ TIME, *April 23, 1956, p. 104:1.*

Making the Most of Your Engineering Manpower

SUCCESS of the engineer unions and the concern they have caused people in management and the professional societies is but one symptom of the discontent brewing among engineers. Salary inequities, questionable recruiting and hiring practices, poor use of trained men, lack of status and recognition—all these are current sore spots. They are results of poor administration, now intensified by "the engineering crisis."

This engineering crisis results from a desperate undersupply of talent. Not only do we face a serious shortage of engineers today, but we may expect it to continue for at least the next decade. And, if ordinary engineers are in short supply, experts in special lines and personnel with heavy experience are almost unavailable through ordinary channels.

It follows, therefore, that personnel administration for engineers must be not only a tool for getting engineers and then keeping them happy once they're on the payroll, but also — and even more important — be a means for getting maximum use from the engineers who are on the job.

Personnel administration for the engineer, as for any other employee, begins with proper selection. Employment of people unqualified for the job leads not only to bad workmanship, but, more important, to bad morale throughout the shop. Few things lead to more turnover among engineers than the wholesale hiring of inadequate personnel—unless it's the phony promises made to engi-

neers by overeager or unscrupulous recruiters.

Obviously, management should expend as much effort in holding the engineers it has as it does on getting new ones. And one of the first things that requires attention is the salary schedule for men on the job more than five years. Starting rates have climbed considerably faster than the salaries of engineers who have stayed on the job. Yet experience is something no college can hand out with its B.S. degree. With starting rates much too close to rates paid for experience, dissatisfaction and turnover result.

The approach of the various engineer unions is, at best, a constructive irritant. The unions' role among professional employees is, and promises to be for many years to come, a minor one. (Most so-called unionized "engineers" are actually draftsmen or others of less than professional rank.) Nevertheless, the existence of unions ready and able to take advantage of discontent should be a warning to management.

Any sound management program here must have as its basic premise a recognition that engineering and other professional employees should be treated both as members of the management organization and as members of a profession. It should include such practical items as fair compensation, practical recognition of their role as part of management, and appropriate methods for bringing grievances to top management's attention. It might also comprise time and facilities for long-range research and study.

In determining professional compensation, top management might well consider these points: Have an objective current salary evaluation, with job content fully considered; pay a salary based on reasonable area-industry considerations; and keep salary and employment standards of professionals well above those of the rank and file.

Professional employees like to feel that they are part of management. Some of the most successful personnel programs dealing with professional people include monthly meetings with top management at which production or research requirements are fully discussed. Other plants prefer regular informal gatherings where professionals are taken into top management's confidence on production or development plans and urged to give frank opinions.

Furthermore, professional workers, like any others, have grievances. Adequate machinery needs to be developed to bring these to light and to eliminate them promptly, simply because so much of the company's future depends on these workers. The type of grievance machinery can vary. In small plants the "open door" may suffice; in larger companies more formalized channels would seem to be called for.

Then, too, the rapid advance of knowledge often makes it hard for the professional to keep up with his field. The more conscientious must spend their evenings reading the latest books and journals; others let them slide, and their work (and the company's) suffers. Many firms find that it pays to provide library facili-

ties, subscribe to the required books and journals, and give professional employees time to keep their information up to date. Taking a leaf from the universities, a few companies even grant professional employees sabbatical leaves for graduate study or independent research.

To sum up, management will do well to avoid attempts to rate professional employees on a day-to-day production basis. Contribution of ideas cannot be measured on an output chart; yet, they are often the most valuable product for a company's future. Above all, it is important to make sure that professional personnel are treated as such. A good personnel program cannot create engineers; but it can go a long way toward assuring a company of its maximum share of the talent available.

■ *Herbert R. Northrup.*
CHEMICAL ENGINEERING,
April, 1956, p. 214:2.

Annual Contest for Employee Reports

ALL COMPANIES which publish annual reports for employees are eligible to participate in a nationwide contest to determine the year's outstanding reports. The contest is being sponsored for the third consecutive year by *The Score,* published by Newcomb & Sammons, 224 East Ontario Street, Chicago 11, Ill.

The panel of judges, headed by Kenneth E. Olson, dean of the Medill School of Journalism, Northwestern University, includes S. R. Bernstein, editor of *Advertising Age;* Carl C. Harrington, editor of *Mill & Factory;* John A. McWethy, assistant managing editor of *The Wall Street Journal;* and William H. Whyte, Jr., assistant managing editor of *Fortune.*

Entrants must submit six copies of their reports, together with a $10 entry fee, by the deadline date of July 30, 1956. The reports themselves must have been produced between July 15, 1955 and July 15, 1956. Winners will receive certificates of merit, and all entrants—winners or not—will receive an objective analysis of their individual reports from the judges. Further information may be obtained by writing directly to Newcomb & Sammons.

The winners of last year's contest were the Aluminum Company of America, the Arizona Public Service Company, and Esso Standard Oil Company.

THE AVERAGE CONSUMER identifies only a fixed number of brand names. His brand vocabulary is limited—limited for the average person to 1,180. Yet. each year he is regaled by 15,000 new brand names coming into the market.

—*Design Sense* (Lippincott & Margulies, Inc., New York) 4/56

Recent Shifts in Wage and Fringe Patterns

SIGNIFICANT BOOSTS in both wages and fringe benefits highlighted last year's collective bargaining settlements involving 1,000 or more workers. Wages were hiked in approximately 95 per cent of these settlements (covering about 6.9 million workers) in which pay was an issue, reports the Labor Department. More than half of these workers received wage increases of at least 10 cents an hour. In contrast, the average hourly rate in 1954 advanced less than 6 cents in settlements covering three out of five workers.

In both 1954 and 1955, supplementary benefits were established or liberalized in two-thirds of the contracts studied. Health and welfare plans were introduced or modified more often than any other type of benefit in 1955; such plans were involved in about two-fifths of the settlements, covering about half the workers.

Although pensions were established or increased in less than one-fourth of the contracts, these agreements covered one-third of the workers. Supplementary unemployment benefit plans were written into 6 per cent of the agreements, covering over a million workers.

—*Industrial Relations News* (230 West 41 Street, New York 36, N. Y.) 4/28/56

"Don't be so formal, Harrison. You've known me long enough to call me 'Chief.'"

—Reprinted by permission of Vanguard Press, Inc., from *Louder and Funnier* by Burr Shafer. Copyright, 1951, by Burr Shafer.

Industrial Defense Plans: A Job for Management

No one can really know what a large-scale nuclear attack upon the United States would be like. We assume, however, that the resumption of the most essential production would be important to the nation's survival. We must also assume that many of a given company's key management personnel would not survive. The problems which would confront the surviving members of a company's management team would be staggering, to say the least. Many would entail decisions at the plant operating level; others would require top-level policy decisions within the company and the industry.

It makes little difference whether the company is large or small, single or multiplant, or whether the home office is in the plant or in a distant city. The problem is the same and the need to provide for the continuity of management and technical know-how is just as urgent.

Too often, industrialists, faced with the seemingly insurmountable roadblocks to actual plant dispersion, have in despair joined the there's-not-much-we-can-do school of thought. When one considers the almost incomprehensible power of the H-bomb and the delayed-action horrors of radioactive fall-out, this is perhaps understandable.

Is there a middle ground? Are there things within the financial capabilities of most companies which do make some sense? Many industry leaders think so. There is mounting evidence that many important companies are facing the problem squarely and developing defense plans. Most have recognized, for example, that one inescapable prerequisite in any such program is the safe storage of important corporate records in a non-vulnerable location. Some have gone underground in elaborate atom-proof vaults. Some have established facilities in non-target locations. Others have built or adapted existing plants or other buildings to safe record storage. All have proceeded on the assumption that surviving management must be left a legacy of corporate information if it is to make the judgments and decisions necessary to resume or rehabilitate essential production following an attack.

Many company managements have established a rendezvous point from which surviving key personnel would re-establish operations. Such a point should, if possible, be at or near their safe records-storage location. Several larger companies have established rather complete alternate company headquarters from which to conduct emergency operations.

Both the Jones & Laughlin Steel Corp. and the U. S. Steel Corp. have established underground record-storage facilities at mine sites. These are effectively tied in to their alter-

nate headquarters plans in such a way as to facilitate the continuity of operations in the event Pittsburgh were bombed.

Many ideas—some old, some new—are being applied to the problem as an increasing number of companies tackle the job. For instance, the Sperry Gyroscope Company has prepared a comprehensive list of the names and addresses of all its current and potential suppliers and subcontractors, together with a record of production and test facilities and a file of purchase specifications for production and test equipment, materials, and components. This has been put in "deep-freeze" record storage in a non-target area. The very existence of such a document could save weeks, conceivably months, of lead time in getting under way again after an attack.

Another company, whose intricate production is almost wholly dependent upon the services of highly skilled artisans, has compiled a list of retired workers as an emergency manpower reserve. And many companies are making sure that their "time capsules" of corporate records contain current inventories of all capital equipment.

A company of topmost importance to the national defense, whose costly production equipment is of special design, put its engineering and production departments to work on the post-attack problem. They have prepared a stand-by set of designs based on comparatively austere specifications for use in the event the company's existing facilities are knocked out. These designs and specifications now reside in the company's remote storage facility.

These and other companies have done an extraordinarily imaginative and sound job of planning against a day which they hope will never come. They have recognized that the threat of a nuclear attack poses a business risk which, unlike many others, cannot be passed on to an underwriter. It is a risk for which they must be self-insured. The role of government is simply to encourage and, where possible, assist. It is in management's own self-interest to plan for its own continuity.

▪ *William E. Haines.*
ORDNANCE, *April, 1956, p. 789:4.*

All This and Heaven, Too

RECEPTIONIST, LIGHT STENO: You gals who want that change to something REALLY fascinating . . . give yourself a promotion into a TERRIFIC job dealing and working with WONDERFUL people. You'll simply LOVE it and the rewarding satisfaction of helping someone.

No stuffy routine to cramp your personality. Bright, modern, air-conditioned offices with heavenly pastel decor. ALL THIS with modern benefits and a chance to grow into a career gal too. Beginners welcome.

—From a classified advertisement in the ***New York Times*** **1/9/55**

ALSO RECOMMENDED

Brief Summaries of Other Timely Articles

GENERAL

THE WORST SHORTAGE IN BUSINESS. By Herrymon Maurer. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), April, 1956. $1.25. Top-flight executives just don't happen; increasingly, they are being carefully recruited and trained as part of the basic long-range planning of most companies. The author examines at length the policies and attitudes of various companies in their college recruitment programs, the personalities and educational backgrounds of the graduates they typically seek, and the career opportunities they provide.

FIVE AREAS FOR MANAGEMENT REAPPRAISAL. By Saul M. Silverstein. *Dun's Review and Modern Industry* (99 Church Street, New York 8, N.Y.), March, 1956. 75 cents. Human relations should be not just a chapter in management's book but very nearly the whole text, in the author's opinion. He suggests that management would do well to re-examine its basic attitudes toward a number of things—including labor unions, government, international trade, and the goal of individual security.

SUCCESSFUL WIVES OF SUCCESSFUL EXECUTIVES. By W. Lloyd Warner and James C. Abegglen. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), March-April, 1956. $2.00. The personalities and behavior patterns of wives of successful executives are far more varied than those of their husbands, according to this sociological study. The authors point up the importance of the executive's wife's ability to accept social mobility, to be community-centered as well as home-centered, and to have her goals in the future rather than the present or the past. Extensive coverage is also allotted the social origins of executives' wives and the degree of inter-class marriage prevalent.

CONSUMER CREDIT: THE $36 BILLION QUESTION. By Arthur O. Dietz. *Vital Speeches* (33 West 42 Street, New York 36, N. Y.), May 1, 1956. 30 cents. Installment buying is not only an eminently sound merchandising device; it has made possible the record mass production and mass consumption that has made the U.S. the envy of the world, the author is convinced. Retracing the coming of age of installment purchasing, he examines the arguments of its critics and concludes that the consumer's "pocketbook nerve" is an effective "inbuilt stabilizer."

COST CONTROLS FOR RESEARCH By Edward J. Gesick. *The Controller* (2 Park Avenue, New York 16, N. Y.), April, 1956. 60 cents. The growing importance of research and development in industry makes it imperative that top management should know what it expects of its company program and how its achievements will affect operations generally. The cost of the research program, and the qualifications of a competent research director are among the many considerations discussed in this article which require close management attention.

BUDGETISM: THE OPIATE OF THE MIDDLE CLASS. By William H. Whyte, Jr. *Fortune* (9 Rockefeller Plaza, New York 20, N. Y.), May, 1955. $1.25. The old-fashioned virtue of thrift has increasingly given way to the automatic

long-range budgeting of sundry installment payments in most middle-class families, the author reports. He strongly questions the assumption—amounting to a conviction in many middle-income families—that a depression-proof economic future lies ahead which justifies their extensive debt commitments, as well as their total indifference to interest and carrying charges.

ARE WE MORTGAGING OUR FUTURE TOO MUCH? By John S. Sinclair. *Vital Speeches* (33 West 42 Street, New York 36, N. Y.), May 1, 1956. 30 cents. The U.S. economy entered 1956 with a staggering private and governmental debt totaling $650 billion, $50 billion of which was chalked up in 1955 alone. The author, who believes this situation calls for sober re-examination, is especially concerned with the effect such borrowing may have on future economic conditions—whether, in fact, it represents a mortgage on future prosperity.

E. P. A. TECHNICAL DIGESTS (O.E.E.C. Mission Publications Office, 2000 P Street, N.W., Washington, D. C.). U.S. Edition, $2.50 per copy ($24 per year). A continuing publication service of the Organization for European Economic Cooperation, this monthly journal presents digests of technical articles from nearly 1,000 European journals. Primarily designed for workshop technicians, many of the articles are also of interest to others directly concerned with manufacturing and production. Copies of the original articles (in the original language) which have been summarized may be purchased from the Washington Office of the O.E.E.C.

OPERATIONS RESEARCH — TOP MANAGEMENT TOOL. By E. O. Boshell. *Dun's Review and Modern Industry* (99 Church Street, New York 8, N.Y.), March, 1956. 75 cents. A case study detailing the experience of the Westinghouse Air Brake Co. with operations research. In non-technical terms, the article outlines several problem areas in which OR has been successfully applied by this company: the operations of a railroad classification yard; an analysis of inventory and production control systems; the probable effect of the developing atomic industry on Westinghouse's products, etc.

INDUSTRIAL RELATIONS

MANAGEMENT AND LABOR CAN BOTH WIN. *Plant Administration* (481 University Avenue, Toronto, Ont.), March, 1956. $6.00 per year. A study of a program for continuous cooperation and consultation between management and labor as practiced by Canadian Tube and Steel Products, Ltd. (Montreal, Ont.). The operations of the main works committee and the six divisional subcommittees—with equal management-labor representation on each—the problems dealt with, and the decisions made by top management on committee recommendations are covered. Some particularly successful results are noted in promoting safety programs, quality control, and improved productivity.

THE ECONOMICS OF PREVENTIVE MEDICINE. By Frank A. Calderone. *Industrial Medicine and Surgery* (605 North Michigan Avenue, Chicago 11, Ill.), March, 1956. 75 cents. A comprehensive study of the present state of industrial health programs, based on an extensive survey among management, labor, medical, and insurance officials. The respondents displayed near unanimity on the importance of industrial health programs and the desirability of basing retirement on physiological factors rather than chronological age, but management and labor disagreed sharply over such essential matters as responsibility for leadership in such programs, their financing, scope, and present adequacy.

EMPLOYEE COUNSELING IN INDUSTRY: OBSERVATIONS ON THREE PROGRAMS. By Harry Levinson. *Bulletin of the Menninger Clinic* (Mt. Royal and Guilford Avenues, Baltimore 2, Md.), March, 1956. 50 cents. The pioneering counseling programs of the Western Electric Company, the Prudential Life Insurance Company, and the Caterpillar Tractor Company are described and discussed in this article. The programs differ widely in scope, method, and degree of integration within parent organization, but they all emphasize the nondirective approach to the adjustment of the employee to his work, as opposed to treatment or casework.

IMPLICATIONS OF THE AFL-CIO MERGER ON EMPLOYEE COMMUNICATIONS. By Robert Newcomb and Marg Sammons. *Office Executive* (132 West Chelten Avenue, Philadelphia 44, Penna.), May, 1956. 50 cents. Improvements in employee communications is one important way in which management can counter the newly strengthened union's bid for greater influence over workers, according to the authors. They offer many suggestions for making such company programs more efficient, and especially emphasize the important role of the editor of the employee magazine.

THE DESTREHAN STORY. By J. B. Hamblen and R. O. Breaud. *National Safety News* (425 North Michigan Avenue, Chicago 11, Ill.), April, 1956. 75 cents. This is the story of how a Southern refinery launched a comprehensive safety campaign based on a combination of widely recognized techniques. When supervisory reports showed that nearly all accidents were due to carelessness and faulty work habits, three committees—a management group, one composed of supervisors, and a joint labor-management committee—were established and swung into action. The successful safety program they developed is described in detail here.

MANAGEMENT, UNION, JOIN IN JOB EVALUATION. By Robert L. Stutz and Harold E. Smalley. *Personnel Journal* (P.O. Box 239, Swarthmore, Penna.), April, 1956. 75 cents. After instruction in job-evaluation methods by an impartial outsider, representatives of labor and management in a Connecticut company agreed on job descriptions and jointly evaluated 375 jobs. The authors conclude that the unusual technique they describe in this article holds promise as a means of achieving more amicable solutions of wage-rate problems and improved labor-management relations.

OFFICE MANAGEMENT

OFFICE LAYOUT PLANNING. By Kenneth H. Ripnen. *Office Executive* (132 West Chelten Avenue, Philadelphia 44, Penna.), May, 1956. 50 cents. A general appraisal of the problems to be resolved when determining adequacy and efficiency of any office layout in the light of a company's needs. The author describes the way his architectural firm analyzes work flow requirements, aisle facilities, lighting, ventilation, etc., and presents analysis sheets used to ascertain maximum space utilization in clerical and executive offices.

TOOLS OF THE OFFICE. By Robert Beeman. *Office Management* (212 Fifth Avenue, New York 10, N.Y.), March, 1956. 35 cents. A handy inventory of duplicating equipment used extensively in office routines, complete with a listing of manufacturers, models available, their price, and estimated operating costs. The various copying processes and duplicating processes are analyzed, and their respective advantages in reproducing copy prepared by hand or by typewriter, art work, photographs, letterheads, etc, are reviewed.

THE PAPER CHASE. By Leslie H. Matthies. *The Office* (232 Madison Avenue, New York 16, N. Y.), April, 1956. 35 cents. The rising mountain of paper in most offices is naturally a source of concern and vexation to the office executive. But an arbitrary call for its elimination can lead to equally serious problems, as the author clearly demonstrates. He describes the expensive, surreptitious copying of forms that may occur in various departments when the office manager imperiously abolishes "extra" duplicates, and warns that realistic curtailment of excess paperwork should be the result only of a clearly thought-through program of records control.

A NEW TECHNIQUE. By V. F. Blank. *Best's Insurance News* (75 Fulton Street, New York 38, N. Y.), March, 1956. 50 cents. A general discussion of many of the considerations involved in a company's decision to set up an electronic data-processing system in its offices. Suggesting that the operation is best handled by training the company's own management team, the author comments on the varied types of equipment available, their advantages and disadvantages, and some of the likely implications for company cost patterns and personnel structure.

EFFECTIVE SPACE UTILIZATION. By Ray Colcord. *Best's Insurance News* (75 Fulton Street, New York 38, N. Y.), April, 1956. 50 cents. Efficient office planning can offer an important area for cost reduction, and should be of as much concern to management as warehousing and plant layout, the author states. This article offers a fact-filled primer any company planning group might well consider. Among the points discussed: determination of the site, the work flow pattern in the office, the needed service functions (e.g., cafeteria, lounges, conference facilities, etc.), and future expansion probabilities.

OPERATING AND FINANCIAL ASPECTS OF COMMERCIAL COMPUTERS. By H. D. Rowlands. *Office Equipment News* (146 Bates Road, Montreal 8, Que.), March, 1956. 35 cents. A convenient summary of the several classifications of commercial computers, analyzed as to their capacity, speed, cost, and convenience. The general operations of computer systems, their input and output devices (punched cards, paper and magnetic tape, typewriters, keyboards, etc.), and their control units and storage units are simply defined and compared. A brief treatment is also accorded a typical planning program for installing a data-processing system.

PRODUCTION MANAGEMENT

THE COMPUTER AGE: RUNNING PLANTS BY MATHEMATICS. *Business Week* (330 West 42 Street, New York 36, N. Y.), April 7, 1956. 25 cents. A running survey of the expanding use of computers in new and varied problem areas of industry. Emphasized in particular is the simulation of complete company setups in the refinery industry, where computers are being employed to systematize over-all company operations. The article also reviews several other recent statistical, decision-making, and top-level commercial uses of computers.

THREE IDEAS THAT SIMPLIFY PURCHASING. By Paul V. Farrell. *Purchasing* (205 East 42 Street, New York 17, N.Y.), March, 1956. $1.00. These systems adopted by Allis-Chalmers Manufacturing Co. to simplify and coordinate its purchasing functions will help reduce costs and provide reliable control for any company, according to the author. Described here are the small local order system to handle the problem of procuring small, miscellaneous supplies with a minimum of paperwork; the open-end order to facili-

tate repetitive purchases on an annual basis; and the traveling requisition to speed the processing of any transaction from a unified record.

TWENTIETH ANNUAL SAFETY EQUIPMENT ISSUE. *National Safety News* (425 North Michigan Avenue, Chicago 11, Ill.), March, 1956. 75 cents. A useful guide to many practical aspects of industrial safety that concern management daily. Some of the problems reviewed are safety promotion and training programs, employee safety equipment, noise control, employee medical and health services, and plant design and industrial health engineering.

SETTING TIME STANDARDS ON MAINTENANCE WORK. By James G. Bralla. *Advanced Management* (Society for the Advancement of Management, Inc., 74 Fifth Avenue, New York 11, N. Y.), April, 1956. $1.00. As automation gains ground, maintenance costs are certain to grow as a proportion of over-all manufacturing costs, the author points out; and time standards for maintenance work will become a necessity. This article discusses the special characteristics of maintenance work, how these are likely to affect the basic MTM motions and allowances, and how the problem of administering the standards economically may best be approached.

MARKETING MANAGEMENT

SELLING TO AN AGE OF PLENTY. *Business Week* (330 West 42 Street, New York 36, N.Y.), May 5, 1956. Reprints 50 cents. May, 1927, when Henry Ford switched production from the Model T to the Model A, marked the beginning of the age of mass distribution, this article suggests. It goes on to examine, at considerable length, the implications of this event for the auto industry and the economy as a whole, traces its historical consequences, and concludes with a discussion of the economic and social forces that are determining the character of today's and tomorrow's markets.

HOW TO GET MORE OUT OF MARKETING RESEARCH. By Leo Bogart. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), January-February, 1956. $2.00. An informative evaluation of the status and function of marketing research today. The author discusses the difficulties besetting the researcher, not only in his choice of tools—whether quantitative sampling or motivational research—but in his relationship with top management. Among other points, the author stresses the necessity of defining the scope and uses to be made of the findings and the need for flexibility in interpreting the results.

SELLING THE SPARE TIME MARKET. *Tide* (2160 Patterson Street, Cincinnati 22, Ohio), April 7, 1956. 50 cents. Case studies of new products and how their makers have cashed in on the growing leisure market—Alcort, Inc.'s Sailfish, Ford's Thunderbird, Selchow & Righter's Scrabble, Hamilton Metal Products Co.'s Skotch Kooler, etc. Representing a variety of appeals to different levels of the leisure market, these products possess certain common characteristics: they offer tangible benefits, be it convenience or pleasure; they were planned specifically for the leisure market; they keep pace with changing consumer tastes; the price is appealing; distribution is well planned; etc.

WANTED: TEN NEW JOBS EVERY MINUTE. By Al N. Seares. *Dun's Review and Modern Industry* (99 Church Street, New York 8, N.Y.), February, 1956. 75 cents. Optimism about the staying power of present prosperity should be tempered by a realistic consideration of the market's ability and willingness to absorb productive output. And this obviously calls for increased emphasis on distribution, and more particularly, on marketing techniques, the author believes.

FINANCIAL MANAGEMENT

OBJECTIVES OF INTERNAL AUDITING. By M. B. T. Davies. *The Accounting Review* (450 Ahnaip Street, Menasha, Wis.), April, 1956. $1.50. A detailed review of the broadening scope of internal auditing. Once mainly a matter of traditional accounting and financial appraisal, it now properly includes a much wider area of corporate activity, states the author, who sees the internal auditor as "the eyes and ears" of sound management.

ACCOUNTING FOR PRODUCTIVITY CHANGES. By Harry Ernst. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), May-June, 1956. $2.00. Output per manhour, the traditional measuring stick of productivity, is at best a rough approximation, according to the author; it cannot be used accurately to determine whether increases in production are due to labor, machinery, management itself, or other factors. In its place, the author presents an interesting but complex series of equations, based on information and data at hand in most companies and designed to yield valuable information when applied in such areas as plant efficiency appraisals, cost accounting, forecasting, and collective bargaining.

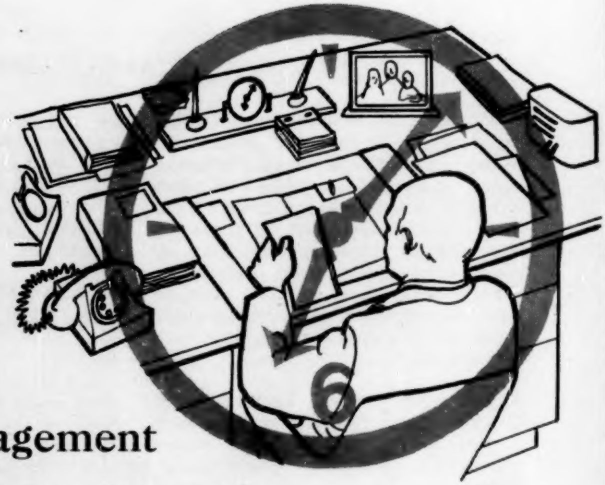
EFFECTIVE STOCK SPLITS. By C. Austin Barker. *Harvard Business Review* (Soldiers Field, Boston 63, Mass.), January-February, 1956. $2.00. Is a stock split a sure-fire device for raising a company's stock valuation during a bull market? Does it also lead to bigger dividends and a broadened base of stock ownership? The author's research, covering 90 companies that split their stocks during 1951-1953, suggests that this is the case —but with an important proviso: that the stock split was accompanied by dividend increases. Much of the corporate reasoning, both sound and fanciful, underlying split offerings is also discussed in the article.

INSURANCE MANAGEMENT

A BUSINESS MAN'S VIEWS. By W. F. Rockwell, Jr. *Best's Insurance News* (75 Fulton Street, New York 38, N. Y.), April, 1956. 50 cents. A general discussion of the insurance field as an important and valuable aid in industrial progress. The author describes some of the services insurance performs in the operations of most businesses, and suggests how these might be improved in certain respects. He specifically questions the effect of continued inflation on the real value of present policies.

A TEN YEAR LOOK AHEAD AT COVERAGES OF LIFE INSURANCE COMPANIES. By Walter Klem. The Equitable Life Assurance Society of the United States (393 Seventh Avenue, New York 1, N.Y.). In future, the author believes, pension plans will more and more provide a conversion feature or some other form of continuing coverage; group coverage will be extended to smaller workforces; disability insurance may be more closely integrated with pension coverage; and pension funding will probably be related in varying degrees to the variable annuity idea.

CONTROVERSY OVER VARIABLE ANNUITIES. By Leonard E. Morrissey. *Challenge* (475 Fifth Avenue, New York 17, N. Y.), April, 1956. 20 cents. Insurance industry advocates of the variable annuity principle see increased protection of the pensioner against inflation in this plan for investing premiums in common stocks and varying retirement benefits in accordance with changing market prices. Opponents, however, fear possible federal regulation and contend that the fluctuating payments will shake public confidence.



Of Time and Top Management

How Executives Use Their Time

■ *Lydia Strong*

Ask me for anything you like, except time.
—Napoleon

A career consultant wrote a book last year on how to earn one's living in four hours a day. His advice to readers in routine jobs: Graduate to a staff or executive position where "what you produce depends primarily on the amount of thought you give the job; then organize your time and get down to a four-hour day."

Doubtless a few such jobs do exist; unfortunately, none of them seems to be held by the top manufacturing executives participating in The Management Review's latest survey. Practically to a man, they work the same eight-hour day as their subordinates, plus one to three hours of overtime.

Where does the day go? How does an executive use his time? Can he spend much of his day in thought and planning? What steps does he take to get more accomplished in less time?

Such questions are easier to ask than to answer. It is one thing to make a time-motion study of a production worker, quite another to analyze the activities of a company president. Nevertheless, in the belief that even an exploratory and tentative analysis could be helpful, The Management Review queried members of the top

managements of representative manufacturing enterprises across the country.

Thirty-seven top executives, each in a different company, fully and frankly answered a detailed inquiry into their working habits. Few punches were pulled: the men were equally frank about both their effective and their ineffective procedures; and their replies, though based on estimate rather than observation, had a high degree of internal consistency.

Of the respondents, approximately one-third were company presidents, one-third vice presidents or other officers, one-third heads of major departments or divisions. Average size of the companies: 7,000 employees.

OVERTIME IS THE RULE

The normal workweek is 40 hours in most of these companies; all but two men, however, work longer hours. The workweeks of individual executives range all the way from 35 to 62½ hours. (One man, president of a comparatively small firm, works five hours *less* than the regular workweek of his company.)

Rank makes a difference: presidents average over 11 hours, vice presidents over 12, and department heads less than 8 hours of overtime. Type of responsibility makes a difference too. Men with general responsibilities, such as president or general manager, tend to work about an hour a week longer than men with specific assignments—e.g., controllers, industrial relations directors, or marketing managers.

Span of control is significantly related to overtime. Participants in the survey have as many as 19 persons reporting directly to them, and as few as one. The median span of control is six persons. Men having more than six subordinates reporting directly average over 12 hours a week of overtime; men having fewer than six such subordinates average 10 hours.

It can't be assumed, however, that for a top executive overtime equals overwork. Asked why they worked overtime, many of the respondents made general comments indicating that they felt no pain. "Lots to do—and interesting," said a company president who puts in a 60-hour week. "I suspect 'overtime' for an executive doesn't start until about the 61st hour," said another. A third man

felt unable to pin down his hours because "in any top job it does not seem possible ever to get away from it completely." The many general comments are indicative of a high and apparently gratifying sense of responsibility; answers like "to accomplish what I feel is necessary" were frequent.

These were some of the specific reasons also given for working before and after office hours: to secure freedom from interruptions; to make time for reading, for planning, for correspondence, for meetings or other special demands of the job; to cope with problems of expansion occasioned by the growth of the business; to handle labor negotiations which "run into indefinite periods"; to accept community responsibilities.

PLANNING COMES FIRST

One finding seems clear, if an executive's self-reporting can be trusted: The largest single chunk of his time goes into planning and thinking for his company. Those lightning inspirations featured in business biographies probably do strike occasionally, but they are both preceded and followed by long periods of search and planning. Respondents spend 20 hours a week, on the average, thinking and talking about such matters as expansion and improvement, new products, adaptation to economic and technological change, and organizational and other innovations to improve efficiency. Company presidents in particular spend over half their time planning for the future.

The distinction between general and specific jobs holds true: men with general responsibilities tend to spend more time on planning than do those with specific assignments. Company size is not a factor, since executives of comparatively small and comparatively large firms average about the same time.

Only half the participants feel satisfied with the amount of time they devote to planning, and, consistently enough, dissatisfaction is most prevalent among those men who can give it less than the average amount of time.

For most executives, company meetings take up the second largest portion of their working time. Though individuals vary widely, participants in the survey attend an average of six internal conferences a week, and devote nine hours to them. The more meet-

ings an executive attends, the longer he's likely to work. The one man in the survey who gets by with a 35-hour week attends only two meetings. The man with the longest hours attends 12 meetings, most of them called by himself. He comments, understandably, that the greatest single waste of his time is "listening to people take an hour to say what could be said in 10 minutes."

Two-thirds or more of internal meetings and conferences are conducted partly or wholly for the purpose of decision-making, the majority agree. Half the men feel that some at least of these decisions could have been reached as effectively by a single individual. But the gospel of group thinking has taken strong hold; few show any inclination to pass the decision back to the individual. Group participation on many decisions is necessary, they say, for purposes of cooperation, communication, and morale. One company president sums it up: "I believe the management team concept and practice inherently involve group discussion even though very often an individual could *or in effect does* make the decision" (italics ours).

A further sign of the prevalence of group management is the fact that executives with specific responsibilities average 13 hours a week—about a quarter of their total working time—on over-all company activities, as distinguished from the activities of their own departments.

Personal contacts, not related to specific business objectives, take considerable time. Few men shun such contacts entirely; on the average, they spend seven to eight hours a week in chatting with colleagues, customers, and suppliers, in entertaining visiting firemen, and in community relations. This makes sense, the majority believe; at least half the time is well invested from a business point of view.

Six hours a week, on the average, are spent on business reading. Two to three hours are spent at outside business meetings, conferences, and conventions.

WORK PRIORITIES

A distinguishing mark of the executive, it has been held, is his ability to organize and plan his own work. Five out of six men in the present survey do plan their work on the basis of priorities.

Weekly schedules are most used, but monthly, daily, and even yearly schedules are also reported. One man makes up for himself a "DO" list with space for "Urgent Matters," "See . . ." "Continuing Attention," and projects "Awaiting Developments" with provisions for follow-up. He reports: "The proper and continuous use of the 'DO' sheet has helped me to keep on top of my job and to be more effective in getting it done."

Most men feel they can work most productively at certain times. Mornings are twice as popular as afternoons; also stressed are interruption-free periods such as before or after working hours, or Saturdays.

No amount of planning or scheduling, however, can provide for all contingencies. Emergencies—unforeseen events calling for immediate action—recur too often for comfort in the lives of most executives. A few men boast that they spend 5 per cent of their time or less meeting emergencies; a few admit to spending half their time this way. On the average, executives in the survey estimate that 14 per cent of their time is taken up by emergencies. For those who don't plan their work on the basis of priorities, this proportion is significantly higher.

If planning is one test of executive competence, another is the ability to turn over tasks to subordinates. Close to half the executives surveyed feel that they do not delegate sufficiently—that is, that they have not freed themselves by delegation from all duties they don't have to handle themselves. One-sixth of the men, in fact, don't turn over even routine correspondence to their secretaries or assistants.

STUMBLING BLOCKS TO DELEGATION

In discussing reasons for failure to delegate, about half the men blame it on insufficient, or inadequately trained, or incompetent personnel. A few admit or imply reluctance—based mainly on the fear that duties delegated will not be properly handled—and a few say they need "just plain time" to work out a plan for delegation, or to hire and develop the necessary subordinates.

Admittedly, an executive may not be the best judge of whether or not he does delegate properly and sufficiently. A jury of his subordinates might bring in a quite different verdict. But some

confirmation of the executives' self-appraisal may be seen in the fact that the men who say they have delegated their responsibilities to the optimum degree average three hours a week less overtime than the men who don't—and also in the fact that they spend far less time than others in coping with emergencies.

The final questions put to the participants were what they considered the greatest single waste of their time, and what timesaving procedures or devices worked for them.

On the question of wasted time, almost everyone named some pet gripe. Too much talk—on the telephone, at meetings, in unwanted interviews—led the list. "Conversation with others which leads nowhere," one man calls it. Many wrote just one word: telephone.

The second most widely blamed time-waster is the inadequacy or just plain cussedness of others, mainly subordinates. "Failure of assistants to use initiative and assume responsibilities," one man said. Another complained of "the need to compensate for the problems created by antagonistic personnel and insufficiently competent personnel." A third felt too much time goes into "having to observe protocol to see or talk or write to people who still believe the president should be involved in every little matter or detail they are interested in."

Other time-wasters are having to wade through wordy letters and reports; interruptions in meetings; red tape; preparing unnecessary reports. Almost unanimously, outside persons or events were blamed; only a few men felt their principal time problem lay in failure to organize and control their own working schedules.

WAYS OF SAVING TIME

Under the heading of timesaving procedures, few gimmicks or tricks were mentioned. None of the men surveyed seems to pin his faith on such devices as making himself less accessible to subordinates, making major decisions early (or late) in the day, or holding all interviews to some predetermined time. The majority lay emphasis on two points: work organization and work delegation. Sometimes the two points are combined, as by the president of a materials-handling equipment firm who says: "Our management guide gives a complete breakdown of the president's responsibility (33 functions) with written objectives, policies, plans, expected

results, and controls for each function. This forms a logical basis for complete delegation and within a five-month period has reduced crisis management on my part 75 per cent."

Time scheduling helps a man to function more creatively, says one chemical company president: "My big objective is to be reasonably free from the pressure of 'things not accomplished' when at the office, so that I can take what comes in a relaxed way and with a fresh point of view. Effective scheduling of my time is a big help." Many men rely on advance planning and work schedules.

About a third see delegation as the most effective time-saver. A plant manager advises: "Develop yourself a good operating team . . . then give them authority along with responsibility and you won't tie yourself up in meetings and details. You will then have time to think." A division manager insists that "those who have problems . . . make recommendations," and a company president counsels: "Ask your subordinate what he wants to do and take it, or modify it as little as possible."

A few men rely primarily on having their secretaries screen requests for their time; others stress prompter and better-planned meetings. Mechanical devices, such as dictating machines in company cars and planes, an intercommunications system, and even an L-shaped desk, drew a few mentions.

Several men spend time to save it, by holding regularly scheduled meetings with subordinates, with foremen, with union committees, at which they exchange information and discuss mutual problems. Such meetings, according to one plant manager, "save many hours of misunderstanding that would need correction later."

HOW THE FINDINGS ADD UP

From the survey, no single "best" pattern of organizing time emerges. One company president, probably in a special situation, spends 40 hours a week on planning; another in a roughly similar job is content with six hours. Some men spend half their time at meetings, others cut meetings to the bone. To some extent, at least, the work pattern must depend not only on the temperament of the executive but on the needs, customs, and stage of development of the organization.

A few facts are clear, however. First, if this survey can be considered representative, most top manufacturing executives work overtime—and tend to enjoy it. Second, most of them try to plan ahead, both for their companies and for themselves. Third, most are sincere believers in delegation, whether or not they have been able to bring themselves to delegate as many of their own responsibilities as they could wish. Fourth, these beliefs of executives seem to be based on fact, since those men who do plan and delegate have managed to cut down both the time spent in coping with emergencies, and the hours of overtime.

NOTE: *This is the first of two articles based on a survey of selected manufacturing executives. A second article will cover in greater detail the subject of internal meetings and conferences.*

"You've been lucky in office politics so far, Burnsby!"

Swivel Service

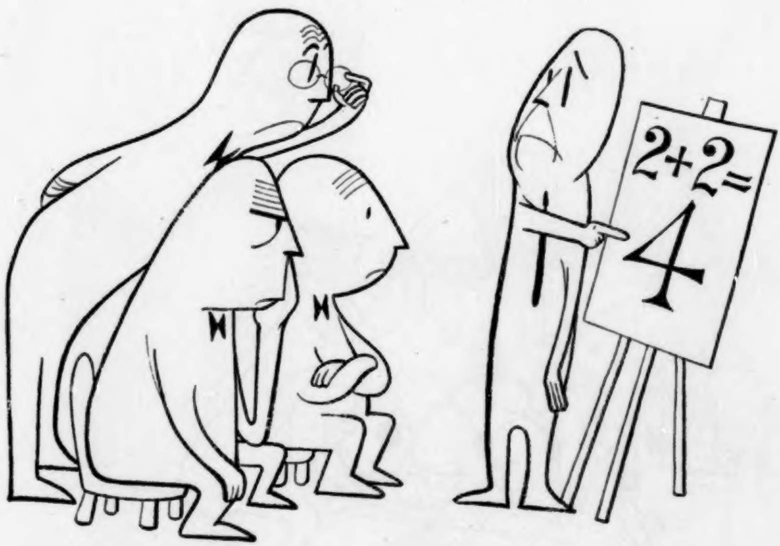
Executives in swivel chairs,
The junior type or millionaires,
Are semi-mobile, fixed and free,
Much like a dog tied to a tree.
They swing around to left or right
To bring a visitor in sight,
Or circle, while they give dictation,
To spur their sluggish circulation.

When solving problems, battling doubt,
They sometimes wildly whirl about
Like dervishes or ballet dancers,
Then come to rest, perhaps with answers.
And should there be a boresome lull,
Should office routine start to dull,
They tilt back bravely, dangers spurn,
And probe the point of no return.

—Richard Armour

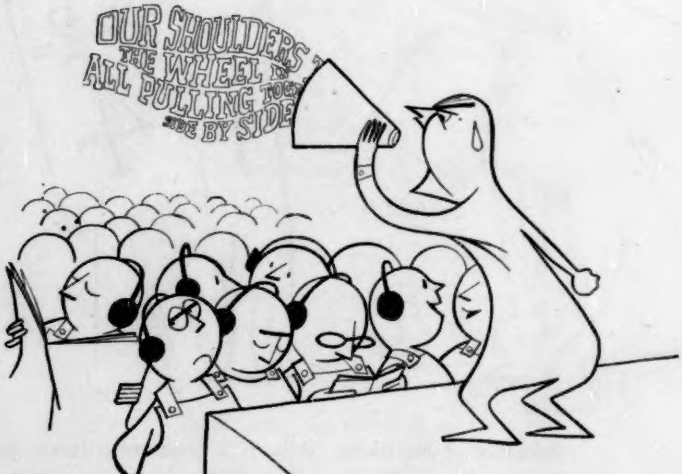
Where the Day Goes

So much to do, so little time! As another frustrating day ends, the executive tries to restore his energies with a sound night's sleep—but the day's wastes and vexations come back larger than life to haunt his dreams.

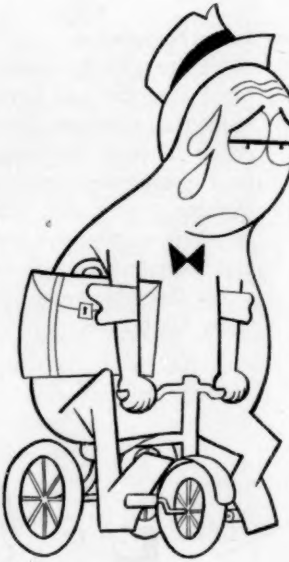


Addlepated Assistants. Why is a good subordinate so hard to find? Worst wastes of time, says one executive, are caused by "antagonistic and incompetent personnel." Assistants also fail to follow through, misinterpret plain directions, and bother their bosses about every little thing. (An opinion survey of the assistants has yet to be made.)

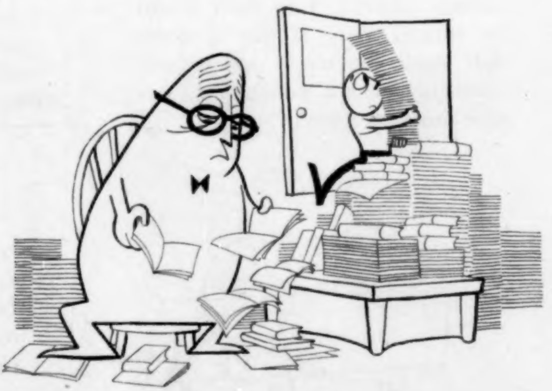
Personal Contacts. That forecast must be ready for today's budget meeting, and your best customer is on the phone long-distance, demanding a quotation on 400,000 collapsible chrome-plated bucket brackets. What better moment to receive a visit from the retired board chairman, a VIP who must not be thwarted and who can be counted on to reminisce for at least an hour?



Communicating with Employees. They were listening when you talked about vacations a minute ago. Now that you're trying to pound home a vital message on production and cost control, why are they all wearing earmuffs?



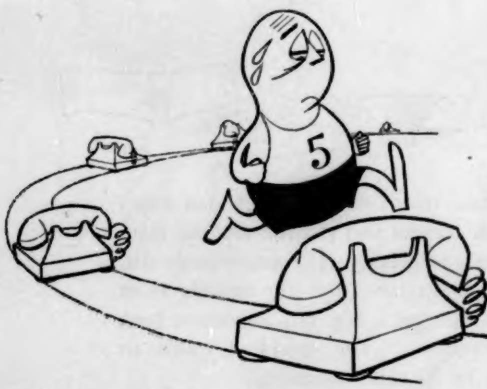
Travel. Even by strat-oliner, those endless trips to the same old places, with the same old bulging briefcase, begin to feel like tri-cycle rides on a bumpy road.



Business Reading. Are all these words necessary? A man wears himself out wading through reports and counter-reports, comments and counter-comments, proposals and counter-proposals, and the day's tidal wave of magazines. But the remedy is on the way—Friday at 5 P.M. you get a big, fat, important book on how never to work overtime. (The president wants an outline and summary of it by Monday morning.)

Labor Negotiations . . . "run into indefinite periods—sometimes all night Saturday and Sunday," an industrial relations director reports. Though the terms of the final compromise may be predictable, it takes time to get there—and the management man sometimes feels those people across the table from him aren't really his friends.

Community Activities. What could be more praiseworthy—both for you and for the company—than taking your proper place in community affairs? Your halo would be sitting pretty if this speaking date made six weeks ago weren't conflicting with a production crisis that came up today.



Telephone. Round and round the track, punctuated every few steps by an incoming (and probably unnecessary) call. If they'd only take out the phones, you could probably run a three-minute mile.

Red Tape. Watch your protocol: Check with your friends, your enemies, and the man who used to hold your job. Send carbons to the controller, the assistant vice-presidents, and the plant superintendent at Santa Fe. Read up on how we handled this problem in 1883, and meet with the Washington Bureau to find out Internal Revenue's probable reaction. Those ribbons of red tape may seem frail and insignificant, but they've strangled stronger men.

Science Finds the Way. All hail the new miracle drug (developed from an ancient Hindu herb remedy) that splits the executive's personality three ways from the middle, growing heads and arms to match! Now he has time for all his conflicting duties, and, when things simmer down, he can even have a quiet poker game all by himselves.

▪ *Text by* LYDIA STRONG
▪ *Drawings by* AL HORMEL

Completed Staff Work: Key to Effective Delegation

■ *J. Lewis Powell*

IN ANY ORGANIZATION, the end product of executive action is decision. Most executives are well aware that their productivity is largely a matter of the quality and quantity of their decisions, and that consequently it is their responsibility to concentrate their time and energy on the actual business of decision-making. Few, however, are wholly satisfied with their own performance in this respect; and a good many suffer from acute frustration over their inability to free themselves from a mass of trivial problems and petty detail.

Basically, of course, the problem is one of delegation, involving the intelligent use of staff assistants—not merely as additional arms and legs for the boss, but as extra brainpower. And probably the best single solution lies in applying the concept of *completed staff work,* a management technique specifically designed to focus executive talent on decision.

The completed staff work concept has been well described by Major General Archer L. Learch:

> . Completed staff work is the study of a problem, and presentation of a solution, by a staff officer, in such form that all that remains to be done on the part of the head of the staff division, or the commander, is to indicate his approval or disapproval of the completed action. The words "completed action" are emphasized because the more

difficult the problem is, the greater is the tendency to present the problem to the chief in piecemeal fashion. It is your duty as a staff officer to work out the details. You should not consult your chief in the determination of those details, no matter how perplexing they may be. You may and should consult other staff officers. The product, whether it involves the pronouncement of a new policy or affects an established one, should, when presented to the chief for approval or disapproval, be worked out in finished form.

The impulse which often comes to the inexperienced staff officer to ask the chief what to do, recurs more often when the problem is difficult. It is accompanied by a feeling of mental frustration. It is so easy to ask the chief what to do, and it appears so easy for him to answer. Resist that impulse! You will succumb to it only if you do not know your job. It is your job to advise your chief what he ought to do, not to ask him what you ought to do. He needs answers, not questions. Your job is to study, write, restudy, and rewrite until you have evolved a single proposed action—the best one of all you have considered. . . .

The theory of completed staff work does not preclude a "rough draft" but the rough draft must not be a half-baked idea. It must be complete in every respect except that it lacks the requisite number of copies and need not be neat. But a rough draft must not be used as an excuse for shifting to the chief the burden of formulating the action.

The completed staff work theory may result in more work for the staff officer, but it results in more freedom for the chief. This is as it should be. Further, it accomplishes two things:

(1) The chief is protected from half-baked ideas, voluminous memoranda, and immature oral presentations.

(2) The staff officer who has a real idea to sell is enabled more readily to find a market.

When you have finished your "completed staff work" the final test is this:

If you were the chief, would you be willing to sign the paper you have prepared, and stake your professional reputation on its being right?

If the answer is in the negative, take it back and work it over, because it is not yet completed staff work.

This principle is as valuable to the executive vice president today as it was to the general during World War II—which provided, almost daily, breathtaking demonstrations of how much a single executive could accomplish through the use of this technique.

The pioneer applications of the completed staff work technique in industry in peacetime were often unsuccessful. One reason was that whereas the military executive had been weaned, so to speak, on the completed staff work technique, his civilian counterpart had worked under a different system and had often made the grade through sheer colossal ability to worry about details—i.e., be his own staff—and still make decisions.

To make completed staff work a reality, everyone in the organization must know his role and his responsibility, as well as

the role and the responsibility of other members of the management team.

Most of us in management are alternately executive and staff. We are seldom exclusively one or the other. Frequently we are staff to those above us and executive to those below us. In consequence, we must understand both viewpoints and apply them simultaneously. This means examining each problem in terms of both our "line" responsibilities and our "staff" responsibilities.

Executive and staff teamwork is a 50-50 proposition. The executive makes the decision and the staff does the work. You can't, obviously, be an executive assistant to a fellow who isn't an executive.

To get completed staff work throughout an organization takes leadership. You can't get it simply by hanging up a notice. The idea must be sold, and to sell it you must see that its deceptively simple concept is really understood as a profound principle. Once understood, it must be built into your organization as a standard operating procedure. Staff people must always deliver completed staff work, and executives must accept no substitutes. In addition, completed staff work and those who perform it must be awarded management recognition.

The completed staff work principle imposes a number of responsibilities on the executive making an assignment.

1. Before you assign a problem to anyone, be sure you can define the problem. There are no solutions to unknown problems. If you cannot clearly and concisely state or write the problem, you have some more brainwork to do.

2. When you discuss a problem at a staff meeting, make it plain who is carrying the ball. You're the quarterback, but the team needs to know the play.

3. Tell the ball carrier what the problem is and what you expect him to do about it. Communication by administrative osmosis seldom produces much besides confusion and frustration.

4. Contribute your experience. You're the boss because you have superior ability. Share it with your assistants. Tell them what you have learned or what you think you have learned about the problem.

5. When you give an assignment, set a target date. Giving a

person an assignment without setting a target is like asking a friend to come to dinner "some evening."

6. Be accessible for legitimate progress reports. If you don't want today's answer to yesterday's problem, or yesterday's answer to today's problem, it will pay you to take an occasional reading on progress.

7. Steadfastly resist the temptation to do your staff's thinking for them. Give guidance and background information, but make them do their own thinking. Remember that it is their job to furnish proposed solutions—not problems—and that your job is to apply management intelligence to their proposed solutions. General Leslie Groves once gave the following example of management intelligence: "You sit down at a conference table with eight scientists, all of whom know infinitely more about the problem than you do. All eight of those fellows disagree with each other. If you can pick which expert is right, you have 'management intelligence.'" Gone are the days when industry was so simple that the boss could be an expert on everything. From now on, successful executives will increasingly have to develop and use management intelligence.

Completed staff work is no panacea. It won't solve all your problems, but it will do this:

Free you from unimportant detail;

Multiply your executive effectiveness; and

Make your organization run better.

It all boils down to this: As an executive, you can either develop a splendid set of ulcers, or teach your staff to do completed staff work. It takes about the same amount of energy either way.

This article is based upon a paper delivered before the 8th Industrial Management Institute, Bureau of Business Management, University of Illinois.

OUR AGE will be remembered not for its horrifying crimes or its astonishing inventions but because it is the first age since the dawn of history in which mankind dared to believe it practicable to make the benefits of civilization available to the whole human race.

—*Arnold Toynbee*

Last December 5th, the 17-year breach in organized labor's ranks was officially healed—but divisive forces are already at work within the new federation. Will labor be able to preserve its united front?

Tensions Under the Big Top: A Look at the Labor Merger

■ *Stanley H. Brams*
Editor, Detroit Labor Trends

INHERENT in the recent merger between the AFL and the CIO are a variety of problems that had their beginnings several years back.

In 1935 a number of labor leaders, led by John L. Lewis, became impatient with the American Federation of Labor. The federation had for years been a dull, ponderous, ingrown, and unprogressive kind of organism, and the rebels had some ideas that finally proved impossible to carry out within the framework of the AFL. They created in November of 1935 what was then called the Committee for Industrial Organization. The AFL frowned darkly on the member unions of CIO, subsequently suspended them, and in 1938 finally expelled them.

The reason for this enormous breakup was a basic difference in viewpoint among the leaders of labor. The organizers of the CIO were interested in bringing unionism into the factories that had never before been organized—into steel, into rubber, into autos, into electrical manufacturing, and into other areas. The hierarchy of the AFL was interested in more membership, too, but strictly along craft lines—machinists, for example, or carpenters, or

This and the following article are based on addresses delivered before AMA's Special Conference on Collective Bargaining, May 14-15.

bricklayers, or stereotypers. Vertical unionism—the organizing of one factory from bottom to top—was something the AFL believed could exist, if at all, only in fundamental conflict with horizontal unionism—unions built on craft lines. On the other side, the feeling in the CIO was that vertical unionism was the new, modern kind, which in time would inevitably forge ahead of any other.

There were, of course, other factors in the picture; but the issue of craft or horizontal unionism vs. industry or vertical unionism was the basic problem. It upset the equilibrium of organized labor from 1938 until 1955, when the leaders of both federations began efforts to patch up the 17-year-old quarrel.

Nothing of great importance had changed inside the AFL or the CIO during those intervening 17 years. The philosophies still differed; the personal rivalries still existed; and the problems in 1955 remained largely what they had come to be in the previous years. Why, then, a merger?

HOW IT HAPPENED

Presumably the catalyst was the changed political climate. The CIO was born in the first Franklin D. Roosevelt administration, on the floodtide of the New Deal—specifically, of Section 7-A of the National Recovery Act, then the Wagner Act. From the date of its beginnings in 1935, the CIO felt sure of Washington's support at best or its neutrality at worst; this continued until 1952, when a Republican administration came to office. On the other side of the labor fence, meanwhile, the AFL was growing almost involuntarily under the favorable climate of the successive Democratic administrations and thus maintaining its size advantage over CIO status in Washington.

The picture changed in 1952. Actually, it had been changing earlier; the fact of an election in 1952 was in one sense a confirmation of an earlier drift. With that confirmation, however, the place of labor underwent visible change. It no longer enjoyed the same status in Washington; it found the courts a little stiffer in their reactions; bargaining elections became harder to win. In 1953 and 1954, therefore, labor was looking realistically at its problem, and it was deciding that it had to take steps to strengthen in every

way possible the ground on which it stood. Unity between AFL and CIO, at that point, had the logic of expediency, if not of necessity.

As the committees sat down to plan the details of this unification, some practical problems at once arose. The further the leadership got into merger, the harder it became. At times the inherent problems made the job look all but impossible.

POINTS OF FRICTION

In recent years, for example, American labor has sought to express itself forcefully on the positions our government should follow in international affairs. The CIO policy, as exemplified by Walter Reuther, has tended toward a socially conscious, internationalist kind of philosophy. The AFL policy, equally firmly outlined, is that we live in a dangerous world where respect is paid only to evidences of power and that, therefore, the one best means of promoting peace and our national position is by the strength of arms —by shaking our national fist, if you will, and backing it up with national militancy. This cleavage, which was never any secret inside labor, typifies the poles-apart thinking on certain subjects inside of what is advertised as the single house of labor.

Another issue is jurisdiction. The charters of the individual unions are hardly as clear-cut as the lines on a map. They overlap everywhere; possibly a dozen unions, in some instances, can logically lay claim to an identical group of workers. This issue of jurisdiction was never really solved. A committee was put to work, and it was agreed that no final decisions would be made on jurisdiction until two years had gone by—that is, until December of 1957.

Overhanging and sometimes obscuring the question of jurisdiction has been the even more difficult problem of reconciling industrial union lines with those of craft unions. The scope of the problem is evident in a quick look at the Teamsters.

As the Teamsters see it, drivers everywhere lie in their jurisdiction. But the fact is that many, many drivers work for companies with a majority of their employment in other occupations. In Detroit, for example, drivers of the automobile companies are members of the Auto Workers, a vertical union. Drivers of the

breweries in Detroit are organized in the Brewery Workers Union. The Teamsters in Detroit do not like this, any more than they like to see drivers in New York within vertical unions of the Clothing Workers and the Ladies Garment Workers.

The building trades unions are in a like situation. They think that their carpenters and millwrights and electricians should have the rights on maintenance jobs done in factories—while the vertical unions within those factories, of course, look upon themselves as the rightful owners of such work. Again, the Typographical Union has complaints about printers in shops under vertical contract with the Lithographers Union. The Electrical Workers and the Brotherhood of Electrical Workers, too, have some conflicts over jurisdiction—with the Communications Workers involved in some of them as well.

So long as jobs are plentiful, many of these problems are academic; everyone works and there are no issues. But if jobs become a little scarcer, each of these unions will try to the best of their abilities to protect what they think belongs to them.

A practical solution for this problem will be extremely difficult to devise. That was realized when the two federations were put together, and the enormity of the problem was such that virtually no effort was made to settle it beforehand; in fact, only a rather flimsy framework was erected for its solution. But now the conflicting unions must try to work out the issue; and because they are at last gathered together in the same room, the fireworks and the fighting are both much more intense than when they lived apart and rarely talked together.

OTHER ISSUES

As we have seen, one of the fundamentals in the AFL-CIO merger was a desire for a stronger political voice in the changed climate of government. But here, too, the merged organization has found itself somewhat short of the goal it had hoped to achieve. In this election year, labor's voice is no more unified than it ever has been in the past. A few of the major figures in the AFL are—as they always have been—Republicans. The CIO is—as it has always been—officially Democratic, but not with any great degree of happiness. The so-called Dixiecrats are upsetting the CIO

at least as much as what it calls the "ultra-conservative wing" of the Republic party.

There are other built-in problems, to be sure. In Chicago recently the Operating Engineers, belonging to the AFL branch of the AFL-CIO, held a convention under the shadow of racketeering charges made in New York; and the New York Teamsters Council has been undergoing some investigations. The differing attitudes held on such matters by the components of the new AFL-CIO certainly must be counted among the inherent obstacles to building a single facade on the one big house of organized labor.

When all these problems and differing attitudes are present in a single organization, the result is a truly divisive situation, regardless of labor's bright expectations of unity. But these inevitable and involuntary conflicts within the unified structure of the AFL-CIO will not wreck it. Labor leaders look upon the new federation as the big tent. Anyone outside of it is truly outside—friendless, alone, without standing or meaning. Even the communist-infiltrated unions have been making motions to get alongside legitimate and recognized AFL-CIO unions; they need that haven, inside the big tent. The labor merger does have its problems—problems of philosophy, of jurisdiction, of policy, of organization, of politics, of personalities, of practical existence. The simple putting-together of two differently minded labor federations under one structure could not automatically resolve differences that existed between them for 20 years. These problems will keep the AFL-CIO for quite a while from functioning in the cohesive way its friends have hoped for and its enemies have feared.

WAR AND INFLATION: The prices of things consumers buy have increased about fourfold during the past century, but not in a gradual fashion, according to the National Association of Manufacturers. All of the increase in the price level since 1820 can be accounted for by rises which occurred during four brief periods overlapping major wars: 1861—1865, 1915—1920, 1940—1948, and 1950—1952. In total, these represent only 19 of the 134 years between 1820 and 1954. During the remaining 115 years, price trends were either steady, declining, or recovering gradually from a decline, according to the NAM.

In the face of rising wages and fringe benefits—which are almost inevitable in a year like 1956—smart employers will concentrate on getting a quid pro quo, *making collective bargaining a two-way street.*

What's Ahead in Collective Bargaining?

■ *Guy Farmer*
Partner, Steptoe & Johnson, Washington, D. C.
Former Chairman, National Labor Relations Board

DURING THE PAST few months, there have been some interesting legal developments in the collective bargaining field. The District of Columbia Court of Appeals has upheld a decision of the National Labor Relations Board that a stock purchase plan is within the area of compulsory bargaining, and the United States Supreme Court has refused to review this decision. Likewise, the Supreme Court has recently held in the *Truitt* case that an employer who pleads inability to grant a proposed wage increase may be required as a token of his good faith to substantiate his position by presenting supporting data—a ruling which, incidentally, appears to fall far short of a blanket rule of law that the employer is required to permit union examination of his financial records.

Decisions on the legal aspects of bargaining, such as those in the *Richfield Oil* and *Truitt* cases, are important, but they will probably have little impact on the course of bargaining this year. One safe prediction can be made about 1956: There will be bargaining, and agreements will be reached. These bargains will involve substantial concessions by industry and more wage increases and fringe benefits for employees. This is the trend of the times.

The economic and psychological forces moving us inexorably in

this direction are well depicted in a poem that appeared last year in the British magazine, *Punch:*

NEW DESIRE

"The first of the new season's wage-claims . . ."
—*Manchester Guardian*

Now the new year, reviving old desires,
  Gives last year's wage the look of last year's love.
Now, with the sun's return, the heart aspires
  To the old rate and ten per cent above.

Now work or bargains must at once be struck,
  And kind with kind have increment to show.
Now each employer tries to pass the buck,
  And each employee clamors for the dough.

Directors now lay claim to failing trade,
  But cannot undeclare their dividend,
And harp on losses they have hardly made,
  And plough back profits they would gladly spend.

Now the wage-structure, like a dormant bear,
  Stirs in its sleep and stretches all its joints.
Now the old Index, grown another year,
  Rubs off its velvets to reveal new points.

Now is the season when the worker sees
  The lessened worth of last year's increment
And new desires outrun old surpluses.
  Now is the winter of our discontent.

—P. M. Hubbard (Reproduced by permission of *Punch.*)

For a clear look ahead at collective bargaining this year, we have to begin by looking backward. One of the most important factors affecting bargaining in 1956 is a group of important contracts that were signed in 1955 with no reopening for a period of two, three, or even five years.

Thus, no bargaining is scheduled for this year in automobiles or in many of the larger auto parts companies, in the big electrical equipment companies, in farm equipment and flat glass, and in important parts of the building and construction and over-the-road trucking industries.

All these agreements provide for automatic wage increases sometime during 1956. In cents per hour, the predominant increase is 6 cents.

In ordinary times, that 6 cents an hour in autos and farm and

electrical equipment could be depended on to act somewhat as both a floor and a ceiling for other wage negotiations this year. But these are not ordinary times. The first important wage negotiations in 1956 were in the oil industry, where the unions were persuaded by the companies, without too much difficulty, to accept an increase of 6 per cent, or 15 cents an hour. Following oil have come a series of agreements in aircraft, all for substantially more than 6 cents. Over all, the median wage settlement in all new agreements during the first quarter of 1956, as computed by the Bureau of National Affairs, was 8.7 cents an hour, exactly what it was in the fourth quarter of 1955, and higher than in any other quarter of 1955. It ran even higher in April. So far in 1956, then, there is no evidence that the deferred increases scheduled in autos are holding down the level of settlements elsewhere.

The biggest thing on the bargaining horizon, of course, is steel. The big steel contracts expire the end of June, as do the contracts of some of the big non-ferrous mining companies. The big aluminum contracts expire in July, and in August some of the important users of steel and aluminum negotiate. In September the bituminous coal agreement runs out, and at the end of September the can companies, which last year signed supplemental unemployment pay plans with the Steelworkers, face a wage reopening. All these negotiations will be vitally affected by what happens in Big Steel.

Outside steel's immediate sphere of influence, there are other negotiations of importance in prospect for the summer and fall. The Pacific Coast paper industry has a wage reopening coming up in June. The meat packing companies' contracts expire in September and are subject to wage reopening at any time. The big four rubber companies face a wage reopening. And, as always, there are the railroad unions, whose contracts can be reopened on anything at any time.

THE ECONOMIC CLIMATE

The climate for collective bargaining over the next six months can be described in one word: tricky. Looking only at the general statistics, it would appear that the level of settlements should be coming down from the current high plane. Business activity in

general has leveled off after pushing upward steadily in 1955. Lay-off rates this year have been running higher, and the hiring rate lower than a year ago. Money is tighter, and businesses of almost every kind are concerned about a cost-price squeeze. Add the fact that the automatic increases in autos and electrical equipment will run about 6 cents this year—well below the current level of recent settlements—and it would appear that bargaining for the balance of 1956 is going to be considerably tighter than it was a year ago.

But appearances may be deceiving. Though business is not enjoying the same across-the-board boom that it had in 1955, it happens that one of the softest spots is autos and auto parts, where no negotiations are scheduled this year. And two of the strongest spots are steel and paper, both of which have been operating at 100 per cent of capacity and are expecting to continue at that rate. In general, it can be said that the key bargaining negotiations in 1956 are in industries that are operating at a high level.

Another cloud on the horizon is the threat of inflation. The consumers' price index has been remarkably stable in the past year. Though there has been a rise in the price of many manufactured goods, it has been offset by the decline in food prices. This decline seems finally to have come to an end. Even without a further increase in the price of manufactured goods, therefore, the cost-of-living index is likely to inch up in the next few months.

The one sure thing about the coming steel negotiations, moreover, is the prospect that any increase in labor costs will be followed by an increase in steel prices, and that this increase will be reflected sooner or later in the prices of many consumer goods. It should be noted that every increase of 0.5 per cent in the consumer price index means an increase of 1 cent an hour in the wage rates of automobile workers and of some half-million employees in other industries covered by escalator contracts.

THE POLITICAL CLIMATE

Except in a few cases, it seems unlikely that the AFL-CIO merger will affect established bargaining relationships this year. The merger very clearly has had the effect of sharpening conflicts between rival unions. It has caused many unions to step up their organizing activities in an effort to strengthen their own positions

in anticipation of a merger down the line. But the impact of this activity has been felt mainly by unorganized companies and those where two unions are competing for representation rights.

As for national politics, the idea that an election year exerts a restraining influence on either unions or management at the bargaining table is perhaps open to question. In theory, unions as a group and employers as a group have an incentive to avoid rocking the boat and stirring up the electorate in a presidential year. Conceivably, this fact may have had something to do with the unusually large number of two-year agreements without a reopening signed in 1955. But the individual employer or union leader, faced with the realities of the bargaining table, is likely to make his decision to yield or to take a stand on the basis of more immediate considerations than the fact that this is a presidential election year.

Of one thing both employers and unions can be sure in this election year: Barring a new international crisis of serious proportions, they will be left to their own devices at the bargaining table. The Federal Government will limit its participation to genuine mediation and conciliation. The present Administration's consistent policy of non-intervention in labor disputes has had to face some stern tests in the past three years, but in each case it decided—correctly, I believe—that the national interest was best served by keeping hands off, even though the strikes directly affected the production of defense materials.

Conceivably, a nationwide steel strike could offer an even sterner test of this policy, since it would affect in time the entire defense program. But the very fact that the government has maintained thus far a firm policy of non-intervention is itself some insurance against a prolonged steel strike—which appears unlikely for other reasons as well.

KEY BARGAINING AREAS

Pensions promise to be a big issue in negotiations this summer and fall. The Automobile Workers scored a major break-through last year in introducing the idea of vesting in non-contributory pension plans. At Ford and General Motors, pensions become vested after the employee reaches the age of 40 and completes 10 years' service. At American Motors there is no age limitation.

There will be strong union pressure, too, for divorcing private pension benefits from Social Security; taking off any ceiling on years of service that count toward pension benefits; eliminating employee contributions where they are still required; and dropping any minimum age for retirements for total disability. It is interesting to note that dropping the age limit on retirement for total disability is not likely to cost much. A recent study by Princeton University showed that the incidence of permanent and total disability below age 50 is only one in every 10,000 employees. On the other hand, removal of any service ceiling on pension benefits can be very expensive. At Ford Motor Company, where the service ceiling was removed under the 1955 contract, 248 applications for retirement were approved last January. Of these, 136 applicants had more than 30 years' service. The oldest of these, who had 49 years, will draw $110.25 a month under the Ford pension plan, plus Social Security.

Last year's pension and insurance agreements produced not a pattern but a crazy-quilt of benefits that offers a target for any union to shoot at, no matter how high the benefits it may be enjoying now. General Electric and American Can, for example, agreed to life insurance equal to twice the employee's annual earnings. Ford and General Motors agreed to sickness and accident benefits equal to 60 per cent of weekly earnings. Goodyear and U. S. Steel agreed to hospitalization insurance that covers the full cost of a semi-private room for 120 days. Douglas Aircraft agreed to a surgical schedule that runs up to a maximum of $562. The railroads provide $4 a visit for in-hospital medical care, and $5 per doctor's visit outside the hospital. It's difficult, in fact, to name an insurance benefit that some company hasn't agreed to in negotiations. Inevitably, other managements will some day be met with the same demands.

RESISTING THE "PATTERN"

The extent to which the eventual settlement in Big Steel will influence bargaining elsewhere in 1956 largely depends on the determination of hundreds of individual employers to bargain for themselves rather than follow someone else's pattern.

For the great bulk of employers who are preparing for negotiations

this summer or fall, it would seem that this year, if ever, offers an opportunity to break away from pattern bargaining. For one thing, the spotty economic situation makes any blind following of the leader especially dangerous.

For another, the bargaining objectives of various unions form less of a pattern than usual. S.U.B. continues to be a serious bargaining demand for the Auto Workers and the Steelworkers. Other unions are cold to it, or use it merely as a lever to pry some other concessions from management. The Packinghouse Workers, the apparel unions, and others are pushing hard for a shorter workweek. The Rubber Workers, on the other hand, are talking about getting the workweek back up from 36 to 40 hours in Akron. Unions, too, it would appear, have found that it may be better to bargain for themselves.

All the unions want more money, of course; and only the company that is facing serious financial difficulties is likely to get by this year without a wage increase. It may well be that the economic issues in bargaining are decided by factors beyond the control of the individual employer or industry. But farsighted employers are thinking in terms of getting something in return for any wage increase they may give.

The enlightened and practical employer has at last discovered that the welfare and continued growth of his business requires the establishment of a *modus vivendi* which permits him to deal honorably with the union and the employees, while at the same time retaining the freedom and discretion to make management decisions and operate his plant in an efficient and orderly way. This has led him to show more concern with the non-economic provisions of his contract, which govern his relationship with the union and his management of the plant—provisions relating to the grievance machinery, management responsibility, installation of new machines and methods of production, scheduling of shifts, fixing of hours and overtime, etc. Such employers now comb every clause in their agreement that limits their freedom to take full advantage of technological improvements or interferes with efficient operations: layoff provisions that allow excessive bumping down the line, clauses that freeze loose standards or out-of-line incentive rates, or clauses that require consultation or agreement with the union on matters

that should be management's sole or primary concern. Some employers have at last come to realize that matters of this kind, rather than wage levels, will determine whether they sink or swim in a competitive world.

The principle is long established that collective bargaining, where the law is concerned, is a two-way street. But it's up to management and unions to make this true in fact as well as in law.

The most skillful bargaining won't bring the average employer through a year like 1956 without a raise in wages or fringes. But his skill in getting a *quid pro quo,* in buying something with the increases he decides to give, will measure his success in reaching that goal of all bargainers—a contract that the company can not only live with, but grow with as well. More concentration on the non-economic provisions of labor agreements, with the objective of establishing a sensible basis for employer-union relations—a *modus vivendi* that will give proper recognition to the rights and responsibilities of management and labor—will in the long run best serve the interests of both employers and unions, and will go a long way toward insuring the continuance of our national economic health.

Is Labor Sold on SUB?

SUPPLEMENTARY unemployment benefit plans have not yet captivated the minds of many labor leaders, according to the findings of a recent National Industrial Conference Board survey of 51 American labor leaders (representing unions with nearly 7 million claimed members).

Looking at their own bargaining situation, most of the union leaders surveyed do not believe SUB plans like those negotiated in the automobile, can, and flat glass industries are the best way of providing income security for laid-off workers. Liberalized state unemployment compensation was mentioned most often as a more feasible answer. Severance pay plans and a shorter workweek were also stressed by some as better alternatives for their particular unions. (A few union leaders did, however, report that SUB is of immediate interest in their own bargaining plans.)

The reasons most often given by respondents for their union's disinterest were seniority, relatively steady employment, and their industry's prosperity. Still other labor leaders expressed little interest in SUB because changes in working conditions in their industries result from legislative action rather than bargaining.

ELECTRONIC DATA PROCESSING FOR BUSINESS AND INDUSTRY. By Richard G. Canning. John Wiley & Sons, Inc., New York, 1956. 332 pages. $7.00.

*Reviewed by Charles W. Adams**

In the past few years business men have been increasingly bombarded with written and spoken presentations of facts and opinions on the whys and wherefores of electronic data processing. In addition to countless magazine and journal articles, there have been paperbound booklets prepared by CPA firms for general distribution, loose-leaf books with a monthly or weekly updating service available, published conference proceedings by the AMA and other professional societies, etc. Until the publication of *Electronic Data Processing for Business and Industry,* however, there was no real hard-cover book on the business uses of computers. The subject is so new and is changing so rapidly that most of the people who might write on it have been too dismayed by the likelihood of early obsolescence to do more than contribute an article now and then to one of the journals or anthologies.

The appearance of Mr. Canning's book presumably does not reflect any conviction on either the author's or the publisher's part that the field has now become static. Rather, it results, very probably, from the belief that books are needed now to foster the future growth of this exciting field, and that a competently prepared book will be useful both now and for some time to come, especially if it avoids attempting to survey in detail the equipment currently available. For thus taking the bull by the horns, both the author and publisher are to be complimented.

In his preface, Mr. Canning expresses the hope that his book will answer "the major questions in management's mind about the new field of electronic data processing." Unless management is more addicted to asking general, rather than specific, questions than is commonly thought, no author could reasonably be expected to achieve such a goal. Later, however, Mr. Canning's intentions are clarified by his statement of what he feels management's major questions should be—namely: (1) What is electronic data processing? (2) What can it do for a company? (3) How should a company go about investigating it?

Thus, the book is not intended to tell management what electronic equipment, if any, is needed, and for what applications (for these answers are different for each company). Rather, it aims at describing how a

* Electronics specialist, Comptroller's Department, Creole Petroleum Corporation, Caracas, Venezuela.

NOTE: Books of interest primarily to personnel administrators and labor relations executives are regularly reviewed in the Association's bi-monthly, PERSONNEL.

company might attempt to answer these questions for itself. Further, the author very explicitly restricts himself to the planning period, "that period of time that begins with management's interest in electronic data processing (to the point where they are willing to investigate it) and ends with the presentation to top management of a proposed plan of action." In this ambitious undertaking, Mr. Canning has achieved considerable success.

In considering a study of applications and equipment, three major questions come to mind: Who should make it, how wide an area and how long a period it should cover, and how it should be made.

The author feels that any such study should be a long-range one, looking perhaps five years into the future, and that it may require about a year to make, followed by a 12- to 18-month pre-installation period in which the plans are converted into forms, procedures manuals, and computer programs. On the other hand, he contends that "many of the benefits of an electronic system can be obtained with only *minor* changes in the company's methods and procedures." There are, he points out, "two areas—decision making and data processing—and it may be unrealistic to expect both areas to be covered during one brief initial study." And finally, "there should be no preconceived idea that electronics *will* be used, but rather a desire to find out if it *can* be used effectively."

With regard to who should do the study, the author acknowledges the possibility of a team approach. He also emphasizes (by including as an appendix a paper by Prof. Robert Tannenbaum of UCLA) the importance of participation in the study by all those whose jobs are concerned and whose cooperation will ultimately be required for the successful operation of the system. Nonetheless, he tacitly assumes that the study will be made by a "systems engineer," whether recruited from within or without the company. "The systems engineer is the middle man between company management and equipment manufacturers. He must have a good grasp of the company's operations, based upon a systems study, so as to understand the requirements thoroughly. Also, he must have wide technical knowledge of the available equipment, its uses, and its limitations."

Once the "systems engineer" has been introduced, in Chapter V, he rapidly assumes the role of hero of the book. In the end the reader feels as familiar with him as with the "management" and the "author," both of whom have principal roles from the start.

Throughout the book the reader may frequently feel a sense of frustration from the fact that easily absorbed generalizations are often amplified and illustrated at great length while important specific problems (such as input verification, variable record lengths, expanding files, and audit trials) are treated almost too succinctly for comfort. Throughout the book, also, there is a great deal of anticipation and of recapitulation, sometimes even outright redundancy (as in the treatment of random access memories in Chapters III and IX).

These minor faults in no way affect the many virtues of *Electronic Data Processing for Business and In-*

dustry. Notable among these are the bringing together of a simple, yet honest, explanation of what electronic data processing is and the outlining of an organized approach to the systems studies in which many companies are already involved and on which many more will soon embark.

HOW TO COMMUNICATE POLICY AND PROCEDURE. By Joseph D. Cooper. National Foremen's Institute, Division of Vision Inc., New London, Conn., 1956. 224 pages. $12.50.

The old bromide that an army is run on paper is equally applicable to the world of business. In fact, the proportion of business paperwork to shop operations has been growing year by year. A prominent problem harassing the business executive is how to communicate instructions to executives and employees scattered throughout the various departments of business and in the many branches across the country.

Few satisfactory "how-to" guides have been published for business men on the writing of instructions or the many phases of seeing that the instructions are understood and followed. Mr. Cooper's new manual provides practical guidance on this specific problem.

Using actual case examples, Mr. Cooper shows how to analyze the organization's needs in this area. His analysis points out that what might work well in one organization might not be at all appropriate in another. Actual checklists are provided as a basis for reviewing and determining how to go about improving the communication of internal policies and procedures.

A large part of the manual is devoted to the design of loose-leaf manuals of instruction. It covers them, however, as a part of the total system of written instructions. Numerous reproductions of diagrams, charts, and drawings accompany the text.

Briefer Book Notes

(Please order books directly from publishers)

GENERAL

PLANT LOCATION IN THEORY AND PRACTICE: *The Economics of Space.* By Melvin L. Greenhut. University of North Carolina Press, Chapel Hill, N.C., 1956. 338 pages. $7.50. This comprehensive study of the factors that determine plant location is divided into four main parts. Part I examines the cost and interdependence theories of location and combines them into a single system; Part II examines the influence on plant location of such factors as transportation, processing costs, demand, and cost reduction; Part III offers an analysis of the effects of location factors on eight small companies in Alabama; and Part IV summarizes the study and offers a general theory of plant location.

THE HOOVER REPORT, 1953-1955. By Neil W. MacNeil and Harold W. Metz. The Macmillan Co., New York, 1956. 344 pages. $6.00. In this concise and readable condensation of the findings of the second Hoover Commission, the authors explain the Commission's recommendations for dealing with the problems of big government. Among the topics discussed are natural resources, overseas economic operations, and the relations between government and business.

CORPORATION GIVING IN A FREE SOCIETY. By Richard Eells. Harper & Brothers, New York, 1956. 210 pages. $3.50. A study of the legal, political, and social implications of corporate philanthropy under our system of constitutional government. The author maintains that, by sustaining the vital private sectors of society, corporation giving can help not only to perpetuate our constitutional democracy but also to secure the social and political environment that is essential to the continued existence of free corporate enterprise.

GETTING AND SPENDING: *An Informal Guide to National Economics.* Harcourt, Brace and Co., New York, 1956. 303 pages. $4.95. This lively guided tour of our national economics—intended, says the author, "for intelligent adults who have lived in the world and can distinguish between manufacturing and retailing, almost at a glance"—includes an examination of such controversial issues as whether inflation is "built in"; whether we are gearing our economy to waste; whether it can go on expanding; and the place of big business in the economy.

BASIC PUBLIC SPEAKING. By Paul L. Soper. Oxford University Press, New York, 1956. 374 pages. $5.00. Several chapters in this second edition have been completely rewritten, and in general, greater prominence has been given to the sense of communication. The treatment of the mechanics of speech composition has been simplified, the section on microphone speaking has been expanded to cover television, and the section on group discussion has been extensively rewritten and now forms a separate appendix.

CAN PROSPERITY BE SUSTAINED? By Neil H. Jacoby. Henry Holt and Co., New York, 1956. 152 pages. $2.25. These personal reflections on the problems posed by the maintenance of full employment and full production without price inflation in a free economy are divided into two main parts: past and present performance, and a program for the future. The author concludes that the policies which the creation of a high-incentive economy necessitates in the fields of personal security, public assets, money regulation, taxation, business investment, competition, and foreign economic relations call for only moderate reforms of present laws, institutions, and practices.

VOCATIONAL AND PROFESSIONAL MONOGRAPHS. Bellman Publishing Co., Cambridge 39, Mass. 1955. $1.00 each. This series of monographs on career opportunities in business and the professions outlines the personal qualifications and scholastic training needed for the occupation in question, its employment opportunities, range of remuneration, advantages and disadvantages, and other relevant information. Among the wide range of vocations covered are metallurgy, the tool and die industry, the soap and detergent industry, life insurance, the stock brokerage business, motor transport, and personnel administration.

STATISTICS: *A New Approach*. By W. Allen Wallis and Harry V. Roberts. The Free Press, Glencoe, Ill., 1956. 645 pages. $6.00. This comprehensive exposition of statistical reasoning and methods, which requires no special knowledge of mathematics, is addressed to those who plan to do research or would like to be able to interpret the results of statistical investigations. Throughout the book, lavish use is made of examples selected for their intrinsic interest from a wide range of fields.

GIANT CORPORATIONS: *Challenge to Freedom*. By T. K. Quinn. Exposition Press, New York, 1956. 198 pages. $3.50. In this forthright attack on big business, the author, himself a former vice president of a large corporation, documents his case against super-organization and proposes specific measures for "freeing free enterprise."

COMMON SENSE IN RESEARCH AND DEVELOPMENT MANAGEMENT. By George W. Howard. Vantage Press, New York, 1956. 104 pages. $2.75. A survey of the field of research and development management, in which the author reports on the findings of his visits to 80 research and independent laboratories in this country, Canada, and Europe.

THIRD SMALL BUSINESS CASEBOOK. By William M. Hood. Bureau of Business Research, School of Business Administration, University of Michigan, Ann Arbor, Mich., 1955. 287 pages. $2.00. The actual cases presented in this third compilation of small business cases used at the University of Michigan have been selected to typify the problems facing the small business operator today. Intended primarily for students, the material can be used to illustrate lectures or as a framework for discussions.

LIBERALISATION OF EUROPE'S DOLLAR TRADE. Organisation for European Economic Co-operation, 2002 P Street, N.W., Washington 6, D.C. 1956. 135 pages. $1.25. A report prepared by the Joint Trade and Intra-European Payments Committee, based on the replies of OEEC member countries to a questionnaire concerned with the relaxation of quantitative restrictions on imports of goods and restrictions on invisible transactions and transfers relating to the dollar area.

SMALL BUSINESS IS BIG BUSINESS. By Harry J. Ostlund and Stanley C. Hollander. University of Minnesota Press, Minneapolis, Minn., 1956. 34 pages. $1.00. In this study of the continuing place of small business in our economy, the authors discuss both the special problems of launching a small business and those of its operation, including financial management, purchasing and inventory control, sales promotion, personnel, and production control. Practical helps for the small business man are listed in a final section.

MANAGEMENT PLANNING AND CONTROL: *A Descriptive Reference Guide*. Supplement No. 1. Controllership Foundation, Inc., 2 Park Avenue, New York 16, N.Y. 1956. 122 pages. $4.00. The first supplement to the Controllership Foundation's guide to publications about management planning and control in business. Together with the base book, it provides descriptive, topical summaries of the important material published in this area from 1950 through 1955.

THE ORGANISATION OF APPLIED RESEARCH IN EUROPE, THE UNITED STATES, AND CANADA. Organisation for European Economic Co-operation, 2002 P Street, N.W., Washington 6, D.C. 1954. Vol. I, 80 pages, $1.00; Vol. II, 192 pages, $2.00; Vol. III, 120 pages, $1.25. This three-volume report of the Technical Assistance Missions sent by OEEC to study the organization of applied research in Western Europe and North America comprises: (1) a comparative study between the U.S. and Canada on the one hand, and Europe on the other; (2) a review of applied research in Western Europe, revealing the wide divergencies both in the facilities for research and the importance attached to it in the countries studied; and (3) a broad sketch of American and Canadian practices in the organization, administration, and financing of applied research in the natural sciences and engineering.

CASE STUDIES IN INDUSTRIAL MANAGEMENT. By J. M. Juran and Norman N. Barish. McGraw-Hill Book Company, Inc., New York, 1955. This loose-leaf manual depicts in detail the operation of a single firm, Burndy Engineering Company—how it designs, makes, and sells its product, conducts its personnel relations, controls its costs, schedules, and quality, plans its manufacture, repairs its equipment, and finances, organizes, and coordinates its activities. Throughout the book, use is made of photographs, diagrams, and actual papers showing how the company's business is conducted.

WORK AND AUTHORITY IN INDUSTRY: *Ideologies of Management in the Course of Industrialization*. By Reinhard Bendix. John Wiley & Sons, Inc., New York, 1956. 466 pages. $7.50. In the broad sense, this study explores the structure and spirit of contemporary industrial civilization; specifically, it is concerned with "managers" and "workers," managerial ideologies, and the authority relationship between employers and employees. In amplification of these themes, the author offers a detailed factual examination of four cases: England in the process of industrial revolution, Russia under the Tsars, modern America, and the Eastern Zone of Germany under the Communists.

ELECTRONICS IN BUSINESS: *A Descriptive Reference Guide*. Supplement No. 1. Controllership Foundation, Inc., 2 Park Avenue, New York 16, N.Y. 1956. 130 pages. $3.00. This supplement brings up to date through December 31, 1955, the Controllership Foundation's basic source book of data on electronic computer systems.

IVORY TOWERS IN THE MARKET PLACE: *The Evening College in American Education*. By John Dyer. The Bobbs-Merrill Co., Indianapolis, Ind. 1956. 205 pages. $3.00. In this lively study of the university evening college, the author reports on its special character, practices, and problems, and puts forward some suggestions as to its future role in our society.

SEVENTH REPORT OF THE OEEC: *Economic Expansion and Its Problems*. The Organisation for European Economic Co-operation, 2002 P Street, N.W., Washington 6, D.C. 1956. 298 pages. $1.00. An analysis of the economic situation and problems of Europe as a whole, and of the activities of the OEEC, followed by an examination of the economic status of each individual member and associated country of the Organisation. The period covered is, in general, the 18 months down to the beginning of July, 1955. Numerous graphs and tables are included.

PRODUCTION

PRODUCTION CONTROL: *Text and Cases*. By William Voris. Richard D. Irwin, Inc., Homewood, Ill., 1956. 413 pages. $7.20. This textbook aims at presenting the basic principles of production control and their application to industrial production. Combining the thinking and research of the pioneers and leaders in the field of industrial management and control with the practical, day-to-day application of fundamental theory and principles in specific manufacturing concerns, it places special emphasis on the interrelationships between production control and other manufacturing functions.

PRACTICAL TIME STUDY. By Harold R. Nissley. Hitchcock Publishing Co., Wheaton, Ill. 1955. 79 pages. $1.00. A reprint of a series of articles on the practical aspects of time study, which originally appeared in monthly issues of the *Machine and Tool Blue Book.* Among the topics covered are selecting the operator to be studied, leveling, set-up, and allowances, incentive systems for job shop operation, arbitrating work standards, balancing the production line, and selling the new standards program.

INDUSTRIAL STORESKEEPING MANUAL. By Benjamin Melnitsky. Chilton Company, Chestnut and 56 Streets, Philadelphia 39, Penna. 1956. 279 pages. $6.00. A comprehensive, practical treatment of stores operations, of value both for daily reference as well as for long-term planning for cutting costs and increasing efficiency in storerooms, warehouses, and elsewhere in the plant. Numerous illustrations of storeskeeping records, equipment, and facilities are provided.

GLOSSARY OF PACKAGING TERMS. Packaging Institute, Inc., 342 Madison Avenue, New York 17, N.Y. 1955. 323 pages. $6.75. This second edition contains approximately three times as many terms as were included in the first edition. The previous arrangement by categories has been abandoned in favor of a simple listing with cross references.

FINANCE

BROADENING THE BASE OF STOCK OWNERSHIP. By the Dartmouth Economic Research Council. Amos Tuck School of Business Administration, Dartmouth College, Hanover, N.H., 1956. 62 pages. $1.00. This report by 30 Wall Street executives finds that member firms of the New York Stock Exchange are so busy serving active customers that few can find time to bring in the new investor and his capital. Criticizing the Exchange's Monthly Investment Plan for failing to reach a new market, the report concludes that any programs for actively promoting share ownership need to be accompanied by intensive educational efforts stressing the long-term advantages of stock ownership and presenting a balanced view of the meaning, reward, and risks of shareholding.

MONEY AND BANKING. By Raymond P. Kent. Rinehart & Co., Inc., New York, 1956. 828 pages. $6.50. The third edition of this well-known textbook includes expanded chapters on monetary theory and fiscal policy. A new chapter has been added on developments in monetary and fiscal policy since 1914 and the sections on banking institutions and operations have been thoroughly modernized.

SIXTEENTH ANNUAL REPORT OF STOCKHOLDER ACTIVITIES AT CORPORATION MEETINGS DURING 1955. Lewis D. Gilbert and John J. Gilbert, 1165 Park Avenue, New York 28, N.Y. 1956. 259 pages. $1.25. Among the topics covered in this latest Gilbert Report are executive compensation, options, cumulative voting, the stagger system, proxy voting, annual reports, pre-emptive rights, and auditing.

CREDITS AND COLLECTIONS. By Richard P. Ettinger and David E. Golieb. Prentice-Hall, Inc., Englewood Cliffs, N.J., 1956. 424 pages. $8.00. The fourth edition of this standard text. Among the changes that have been incorporated are a broader discussion of retail credit to include personal loans by banks, and increased emphasis on the modern flow-of-funds concept of financial analysis. Summaries and case problems have been appended to each chapter, and a new chapter on the financing of installment sales, both direct and indirect, has been added.

Publications Received

(*Please order directly from publishers*)

THE RECRUITMENT AND TRAINING OF MEN INTENDED FOR MANAGEMENT POSITIONS. British Institute of Management, Management House, 8 Hill Street, London, W.1, England. 1955. 70 pages. 5 shillings.

LEADERSHIP FOR LIFE INSURANCE: *The College Graduate in the Life Insurance Company Home Office*. Published under the direction of the School of Business Administration, University of North Carolina, Chapel Hill, N.C. 1955. 229 pages. $5.00.

CYCLOPEDIA OF INSURANCE IN THE UNITED STATES. Edited by G. Reid MacKay and C. S. Rosensweig. The Index Publishing Company, 123 William Street, New York, N.Y. 1955. Sixty-fifth Annual Edition. 1,242 pages. $7.50.

A STUDY OF CONSTRUCTION EQUIPMENT DISTRIBUTOR-MANUFACTURER SELLING METHODS AND PRACTICES. Conover-Mast, New York, 1955. 76 pages. Copies available at cost to construction marketers when requested on their firm's stationery, addressed to *Construction Equipment*, Att: Market Information, 205 East 42 Street, New York 17, N.Y.

PROCEEDINGS OF THE SEVENTEENTH ANNUAL INSTITUTE ON ACCOUNTING. Edited by Bureau of Business Research, College of Commerce and Administration, Ohio State University, Columbus, Ohio. 1955. 121 pages. Gratis.

PROCEEDINGS OF THE SIXTH ANNUAL FIRE AND CASUALTY CONFERENCE. College of Commerce Conference Series No. C-101. College of Commerce and Administration, Ohio State University, Columbus, Ohio. 1955. 70 pages. Gratis.

MODERN TECHNICAL WRITING. By Theodore A. Sherman. Prentice-Hall, Inc., Route 9W, Englewood Cliffs, N. J. 1955. 424 pages. $6.35.

TRENDS IN ECONOMIC EDUCATION. By Henry Thomassen. Public Affairs Press, Washington, D.C. 1956. 45 pages. $1.00.

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